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# SPEED PROJECT QUARTERLY REPORT

APRIL - JUNE 2014

**JULY 2014**

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**APRIL - JUNE 2014**

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# SPEED Project Quarterly Report

## April – June 2014

### EXECUTIVE SUMMARY

SPEED is a USAID-funded project designed to improve the business environment through better trade and investment policies. SPEED's goal is to have more companies doing more business, resulting in increased trade and investment and a stronger competitive position for Mozambican firms, thus creating local opportunities for jobs and income growth.

The project focuses on reforming trade and investment policies and also emphasizes the policy implementation process, including monitoring implementation of reforms. The SPEED team delivers training and technical assistance to build the capacity of business associations and corresponding government institutions and catalyzes trade and investment in Mozambique.

Over the remainder of the project, SPEED will continue to focus on supporting the Mozambican government to implement reform commitments under the *New Alliance for Food Security and Nutrition*, and support *Feed the Future* reforms more broadly. In addition, SPEED will emphasize communication campaigns and implementation support. The country is entering a new political cycle with national elections in October 2014. This quarter, the project began to see a significant slowdown in government reform efforts. Therefore, working to improve administrative procedures, streamline processes, and build awareness and advocacy around business environment issues will likely yield better results than promoting reforms that require legislative and/or cabinet-level approval.

The SPEED approach is demand-driven and flexible, and places a high premium on the use of Mozambican expertise to achieve sustainable results. DAI and Nathan Associates implement the project with the assistance of local legal advisors Sal & Caldeira.

The activities described in this report are divided into four thematic sections: business environment, trade, and investment; agriculture; tourism and biodiversity; and democracy and governance. The report contains information on the context, activities undertaken this quarter, results, and next steps for each of the main activities where SPEED made substantial progress.

**Business environment, trade and investment.** SPEED works with the private sector and Government to improve the business environment via a wide range of partnerships and activities at both the **macro** and the **micro** level. At the macro level, SPEED works with the Tax Authority and Customs to improve the country's **foreign trade** systems to spur competitiveness and economic growth. At the other end of the spectrum, SPEED works at the more tactical level to support the Government of Mozambique's (GOM's) efforts to improve the country's ranking in

the IFC/ World Bank's *Doing Business* report. This quarter SPEED co-sponsored the regional Ease of Doing Business Initiative, bringing together more than 100 stakeholders from East and Southern Africa to learn from each other on how to reform and improve their rankings.

SPEED also works to strengthen the key **institutions** required for a strong business environment. One example includes support for building the capacity of **CTA**, the Confederation of Business Associations, which is the main private sector interlocutor with Government on business environment issues. SPEED contributes a Senior Advisor to CTA, facilitates strategy-building, and implements many joint projects.

**Agriculture.** With three-quarters of the population dependent on agriculture for their livelihoods, there is consensus both globally and within the country that the private sector needs to play a leading role in developing agriculture. SPEED's activities to support the competitiveness of agriculture in Mozambique center upon providing a **Senior Economic Advisor** to the Minister of Agriculture, whose primary responsibility is to develop and implement the Agriculture Investment Plan. A central focus of the Senior Economic Advisor and the rest of the SPEED team is support to the Government of Mozambique to implement policy commitments under the **G8 New Alliance for Food Security in Africa**. In addition, SPEED supports a number of **targeted activities** that have been specifically identified by the private sector in agriculture. An example is the SPEED-supported campaign against illegal taxes in agriculture.

**Tourism and biodiversity.** SPEED's work in tourism and biodiversity focuses on helping Mozambique to realize its potential competitiveness in the sector. Tourism is widely seen as one of the most effective ways of preserving biodiversity, as market forces all pull in the same direction – consumers and providers all have an interest in preserving the natural environment and ensuring sustainable use of natural resources. In addition, tourism tends to be labor-intensive, thus providing opportunities for broad-based economic growth as well as biodiversity. The majority of SPEED's effort helps ensure a private-sector friendly **legal and regulatory regime**. An example of legal and regulatory work includes an examination of competition in aviation (Open Skies initiative). In addition, this quarter SPEED supported ANAC and Biofund, two entities set up to promote biodiversity across Mozambique's national park system.

**Democracy and Governance.** SPEED's work on democracy and governance aims to improve **transparency** around issues such as the impending resource boom, the increased visibility of the private sector in policy, and the improvement of corporate ethics. Specifically, SPEED continues to raise the quality and level of dialogue around the country's **resource boom**, with a special focus on examining the impact of the boom on the competitiveness of the rest of the economy. Another key area of work includes the development of a legal framework to formalize public participation in the policy process. There is now a solid consortium of actors from the private sector and civil society committed to drive this new legislation forward.

**Capacity building.** This quarter SPEED facilitated 14 **capacity-building events** in support of its technical programs, with a total of 758 participants, including more than 174 women (see Annex 1).

**Management and administration.** This quarter, SPEED welcomed Isadora Conceicao to support administration while Sheila Amaro was promoted to lead procurement efforts. In addition, SPEED conducted an in-depth exercise to tell the “SPEED Gender Story,” participated in a regional procurement training and boosted its presence on social media.

## BACKGROUND

SPEED is a USAID-funded project designed to improve the business environment through better trade and investment policies. SPEED works to improve the business environment by supporting and expanding ongoing efforts to strengthen Mozambique’s economic, legal, and governance systems. SPEED’s goal is to have more companies doing more business, resulting in increased trade and investment and a stronger competitive position for Mozambican firms, thus creating local opportunities for job and income growth. SPEED’s [website](#) contains further information and [reports](#) published by the project, as well as a number of timely [blog](#) posts.

The project focuses on reforming trade and investment policies and also emphasizes the policy implementation process, including monitoring implementation of reforms. The SPEED team delivers training and technical assistance to build the capacity of business associations and corresponding government institutions and catalyzes trade and investment in Mozambique.

Over the remainder of the project, SPEED will continue to focus on supporting the Mozambican government to implement reform commitments under the *New Alliance for Food Security and Nutrition*, and support *Feed the Future* reforms more broadly. In addition, SPEED will emphasize communication campaigns and implementation support. The country is entering a new political cycle with national elections in October 2014. This quarter, the project began to see a significant slowdown in government reform efforts. Therefore, working to improve administrative procedures, streamline processes, and build awareness and advocacy around business environment issues will likely yield better results than promoting reforms that require legislative and/or cabinet-level approval.

The SPEED approach is demand-driven and flexible, and places a high premium on the use of Mozambican expertise to achieve sustainable results. DAI and Nathan Associates implement the project with the assistance of local legal advisors Sal & Caldeira.

SPEED is a four year \$19.4 million project which started in August 2010. Funding obligations for the project equaled \$18,554,506 as of June 2014 and the project was extended through February 2015.

## *This Document*

The activities described in this report are divided into four thematic sections: business environment, trade, and investment; tourism and biodiversity; agriculture; and democracy and governance. The report contains information on the context, activities undertaken this quarter, results, and next steps for each of the main activities where SPEED made substantial progress. In addition, those activities that address policy, regulatory or administrative procedure reforms as defined in the SPEED Indicators Tracking Table (SITT) make specific reference to the SITT stage of reform for ease of cross-referencing between this Quarterly Report and the SITT report.

## TECHNICAL ACTIVITIES

### *Business Environment, Trade and Investment*

SPEED works with the private sector and Government to improve the business environment via a wide range of partnerships and activities at both the **macro** and the **micro** level. At the macro level, SPEED works with the Tax Authority and Customs to improve the country's **foreign trade** systems to spur competitiveness and economic growth. At the other end of the spectrum, SPEED works at the more tactical level to support the Government of Mozambique's (GOM's) efforts to improve the country's ranking in the IFC/ World Bank's [\*Doing Business\*](#) report. This quarter SPEED co-sponsored the regional Ease of Doing Business Initiative, bringing together more than 100 stakeholders from East and Southern Africa to learn from each other on how to reform and improve their rankings.

SPEED also works to strengthen the key **institutions** required for a strong business environment. An example includes support for building the capacity of **CTA**, the Confederation of Business Associations, which is the main private sector interlocutor with Government on business environment issues. SPEED contributes a Senior Advisor to CTA, facilitates strategy-building, and implements many joint projects.



**Current quarter results based on previous work.** This quarter, the following initiatives experienced advances; these initiatives were implemented by SPEED in earlier quarters:

***Competition law support***

In 2013, SPEED was requested by Minister of Industry and Trade to support the competition law regulation framework. The work resulted in three regulation instruments of the competition law. MIC Consultative Council has been approved the 3 regulations of the competition Authority namely: Review of organic statute of CA, Regulation for Execution of CA and internal regulations of CA. The regulation on the statues was approved by Council of Ministers in May, 2014. The next step is the nomination of the chairman and body of directors of the Competition Authority. SPEED is supporting the travel of senior MIC staff to participate in training in bid rigging in public sector in July 2014.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q3
62	Competition law - regulation	Regulation	3. Presented for legislation
			4. Passed

***Support to CCT***

Last quarter, SPEED supported CTA within the Labor Consultative Commission (CCT, a tripartite body that negotiates labor issues) to discuss and negotiate the minimum wage for 2014. The final proposal of the minimum wage for each sector was validated by the CTA labor working group and submitted and approved at CCT in late April 2014. For 2014, the minimum wage increased for the 7 sectors around 12%, this percentage results from the large increase of 20% in the agriculture sector.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q3
67	Technical Assistance to CCT	Admin Procedures	1. Analyzed
			2. Presented for consultation
			3. Presented for legislation
			4. Passed
			5. Implementation begun

## Partnership for Trade Facilitation

**Context.** Following the recommendations from WTO, WCO and others, Mozambique has carried out a number of customs reforms to facilitate trade. Despite these efforts, reports such as the [Doing Business](#) report from World Bank still find procedural difficulties, time delays and high costs in the processes for importing and exporting goods to and from Mozambique.

USAID/SPEED engaged with the Mozambican Tax Authority (AT), CTA, and other organizations to find solutions to these problems. Specifically, under the Partnership for Trade Facilitation Program (PTF), SPEED provides capacity-building to AT in three areas: internet publication, customs transit and pre-shipment inspection. Particularly regarding pre-shipment inspection (PSI), there have been long delays to see it take off due to the highly sensitive nature of this work.

It is important to note that a new WTO Trade Facilitation Agreement was reached in Bali, Indonesia and is going to be enforced in 2015 for all member countries. Mozambique will have to comply, which will entail a number of reforms, including PSI reforms.

**This quarter.** On Customs Transit, an impact assessment of the dissemination of the new Customs Transit decree, DM 116/2013 has been taking place. The consultant started interviews in Maputo and a specific email account was created to conduct an online survey. An online interview form has been finalized and sent to participants in Nacala, Beira and border areas. An English version survey was also sent to international participants across the borders. Later, the consultant will travel to Beira for observation and interviews “in situ”.

On Internet Publication, training of programmers took place during the quarter. The portal on international trade has been approved by CST (superior tributary council), a high level decision-making body led by the TA president. Work is going to start on the official launch event. SPEED expects to have the participation of high dignitaries at the launch event. It is being scheduled for the end of July.

On Pre-shipment Inspection, to address the implementation delays, a high-level meeting was held to define the way forward for the assessment study on PSI in Mozambique. The proposal was to shift the work toward a roadmap toward replacing PSI with risk-based inspection. The meeting involved ATM, Customs, MIC, USAID and CTA. After the high level meeting, the TA President formally agreed with the study. An international consultant was hired to lead this study. SPEED has been working with the international consultant in setting the work schedule. The consultant will arrive in Maputo mid-July. A national consultant has been identified to work with the international consultant. A first draft of this study is expected early August.

**Results.** Portal on International trade approved by the CST - TA.

**Next steps.** On customs transit, the report of the impact assessment study is expected next quarter and equipment procurement and supply is finally expected to take place over the next quarter.

On internet publication, launch is expected during the last week of July. The objective is to publish information about the website before launch and organize a launch event.

On pre-shipment inspection, the study and workshops are expected to take place over the next quarter. Workshops will be held in Maputo, Beira and Nacala.

## **Making it easier to pay taxes**

**Context.** In order to streamline the tax payment system in Mozambique, CTA asked SPEED to carry out a comprehensive study looking at: (i) the time and cost for companies to comply with tax obligations, (ii) tax payments that can be combined to reducing the number of payments over the course of a year, and (iii) possible impacts of such streamlining.

Recommendations for policy changes were made to the Tax Authority and these recommendations were incorporated in the current array of tax reforms. One such recommendation which will have a significant impact in the short or medium term is the implementation of online systems for reporting and payment of taxes. In Mozambique, this e-taxation system has been designed and is currently undergoing testing.

The e-taxation project began with the launch of the NUIT (tax ID number) module in October 2013. The second module related to VAT payers and ISPC (corporate income tax), with implementation scheduled for April 1, 2014. But to roll out these business services, companies had to update their NUIT data and register on the online platform.

**This quarter.** E-tax is being rolled out since April 3, 2014 for VAT and ISPC. AT has worked with SPEED over the quarter in designing a campaign to update NUITs (tax payer number) and register people into the system, so that they can have access to the e-tax for VAT and ISPC payment purposes. Other tax regimes will follow suit in 2015. There was agreement to start the campaign in Maputo and Matola as it would be easier to handle from SPEED's support perspective. Lessons would be learnt and support could be later replicated to other points in the country.

**Results.** None yet.

**Next steps.** After some delays due to shifts in managerial positions at the TA, the e-tax campaign will take place over the next quarter. It will involve seminars, road shows and door to door campaigning. AT will regularly report on the progress of the campaign.

## Streamlining application forms for starting a business

**Context.** Of the various indicators used to classify a country in the Doing Business ranking, *Starting a Business*, is one of the most relevant. The *Starting a Business* indicator considers the procedures officially required, or commonly practiced, for an entrepreneur to start up and formally operate an industrial or commercial business, and measures the time and cost to complete these procedures, and the paid-in minimum capital requirement.

There are unnecessary procedures to commence work under the normal licensing of private sector companies in Mozambique. A simple integration of registration forms will reduce procedures from nine to three. The number of days for starting a business will likely reduce to seven from the current thirteen and costs will likely come down. This simple reform could promote the creation of more jobs in the private sector while generating more revenue for the government. It would also improve the country's position in the *Doing Business* ranking.

In 2013, SPEED supported MIC to streamline application forms for starting a business in Mozambique, coordinating with the various public institutions involved. This activity is also being undertaken in line with the new Integrated Platform of Services to the Citizen and the implementation of *BaUs (Balcão de Atendimento Unico)*.

**This quarter.** Over the quarter, SPEED supported the printing of 10,000 forms that will be utilized to roll out a pilot project of introduction of the new form for starting a business in Mozambique. A consultant was hired as an M&E specialist to monitor and evaluate the rollout of the implementation of the new form. The pilot will be rolled out over a 3 months period. The roll out of the pilot was analyzed and an inception report was produced by the M&E consultant. An inception report was produced and submitted.

**Results.** Implementation of the new form was analyzed and presented for consultation.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q3
39	Streamlining application forms for starting a business	Regulation	5. Implementation begun

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q3
68	Application forms for starting a business - implementation	Admin Procedures	1. Analyzed
			2. Presented for consultation

**Next steps.** The pilot implementation of the new form will continue roll out and an evaluation report will be produced over the next quarter.

## Registering property

**Context.** The indicator of the *Doing Business* ranking relating to the registration of properties evaluates the ease with which land and buildings may be purchased for commercial use. Economies worldwide have been making the processes of land registration and property transfer for business easier by significantly reducing the time spent in the process, adopting fixed deadlines for the procedures, introducing fewer (and simpler) internal and external requirements and creating fixed fees.

According to the *Doing Business Report 2014*, the land registry in Mozambique requires 8 procedures, takes 39 days and costs 7.7% of the property value. Overall, the country is at position 152 in the ranking (of 189 countries) in terms of the ease of registering property. This is the worst position in the SADC community. The previous "strategy for the improvement of the business environment" (EMAN, 2008-2012), identified the need to revise and simplify the procedures for land registration, considered burdensome and costly for the private sector and individuals in general.

**This quarter.** This indicator was identified as a possible reform that could be implemented in the short term and would have a significant impact on the ease of doing business in Mozambique. During the quarter, the following reforms were implemented:

- Merging the payment of SISA and the land registry in BAU;
- Make it possible to submit a registration certificate to the municipality and the registration office internally.

This last reform is already being implemented and is expected to reduce the time needed to register property to approximately 15 days. Brochures were produced to disseminate the short term administrative reforms that took place.

The Ministry of Justice (MJ) has requested support to complete automation of property registration in Mozambique. The project started with funds from the AfDB but was never finalized and funds were withdrawn. Now, the MJ is requesting USAID to support completion of the project. There was agreement to finalize and operationalize the project for Maputo and Matola. The rest of the country would follow suit in years to come, depending on the outcome of this project. A legal review will also take place as there is need for change in legislation in light of this reform.

**Results.** Two steps were removed from the property registration process through the streamlining of procedures.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q3
69	Registering Property	Admin Procedures	1. Analyzed
			2. Presented for consultation
			3. Presented for legislation
			4. Passed
			5. Implementation begun

**Next steps.** SPEED will support automation of the property registration process in Mozambique as well as the respective legal review to enable implementation.

## Construction permits

**Context.** The process for issuing construction permits was identified by the private sector as a major obstacle impeding business in Mozambique. SPEED began working with the Municipality of Maputo (CMM) on simplifying the process of obtaining construction permits in October 2011. This earlier work identified a series of recommendations focused on both short and long-term reforms. The short-term reforms have already been implemented and the longer term recommendations are currently under implementation. The latest World Bank *Doing Business 2014 report* shows a substantial improvement in the country's construction permit indicator, jumping 46 places to 77th from 123rd in the most recent rankings and the SPEED support on implementation of the short-term reforms played an important role in this recent success.

**This quarter.** To consolidate the gains and further streamline processes for obtaining construction permits, SPEED is supporting the following activities:

1. IT specialist to implement a Data Centre at the partner office within the Municipality, DUC. The IT specialist was identified and recruited.
2. Scanning of documents to complement the computerized system introduced in DUC; there is a need to scan the documents which will allow the centralization of files and automatic file transfer. A service provider was selected to scan over 5000 construction permit files which will contribute significantly to improvements in streamlining construction permits processes
3. Revising of the decree (Postura Municipal) to update relevant legal instruments; a consultant was selected to work on different Decrees and requirements for simplifying the construction permit process.



**Results.** The Data Centre at DUC's office was finalized and the business process management system was tested and implemented. SPEED estimates that the new system will achieve further savings, reducing the number of visits that an applicant currently needs to make to the DUC and the internal transfers of physical files within the DUC.

**Next steps.** SPEED will continue work with the Municipality on monitoring the implementation of other recommended reforms, namely the digitalization of over 5,000 construction files, which will be completed by September 2014; and the review of different Decrees and requirements for simplifying the construction permit process granted to Center for the Study and Development of habitat, Faculty of Architecture, Eduardo Mondlane University. The preliminary report will be submitted for discussion at the end of August 2014.

## Public private dialogue

**Context.** At the XIII CASP (annual private sector conference with the President of the Republic), the Minister of Industry & Commerce indicated that the Government has complied with 80% of its targets for business environment reform. His comments coincided with the conclusion of the first phase of the EMAN (national strategy to improve the business environment) and preparations to implement a second phase of business environment reform.

Despite the government's optimism about its policy reform activities, businesses' experience on the ground indicates that little has changed over the past several years. Companies are still severely affected by uncertainty in the business environment, unpredictable application of legislation, and other barriers to investment.

**Context.** In October 2013 CTA and ACIS published a [report](#) with support from SPEED which analyzed the evolution of business environment reform between 1996 and 2013. It looked at the various socio-political, economic and institutional aspects that conditioned the existing status quo. This required a comparison of the CASP matrices, EMAN I and its outcomes, the IAN (Investment Confidence Index) and *Doing Business* surveys. By mapping progress in the dialogue mechanism provided by CASP against actions taken in EMAN and the resulting rise or fall of business confidence (IAN) and world rankings (*Doing Business*), the paper presented a detailed overview of the impact of reforms to date, and highlighted what remains to be done.

The report highlighted a number of weaknesses in the current public-private dialogue (PPD) structure and made proposals for reform. It was followed by a qualitative analysis of the views of the private sector about the current public-private dialogue system. Both reports were then discussed by the private sector at a seminar held in March 2014. Based on the reports, the outcome of the seminar and ongoing discussions within the private sector CTA seeks to propose a new model for PPD.

**This Quarter.** SPEED produced a position paper in partnership with CTA to be presented to the CTA Board as well as an eventual [presentation](#) to the relevant members of government. The position paper consists of a proposal for a new Public-Private Dialogue model.

**Results.** None yet, however once proposed to the Government and approved, the new PPD model would make the process of raising and passing legislation more effective and transparent.

**Next Steps.** Considering the eventual Presidential elections and the subsequent reshuffle in Parliament, CTA hopes that the proposal for the new Public-Private Dialogue model is incorporated and executed during the next presidential mandate.

## Manufacturing competitiveness

**Context.** The Government is currently considering the development of an industrial policy aimed at strengthening the country's manufacturing base. Significant discoveries of coal and natural gas have been confirmed and exports of these products will likely increase rapidly. The mineral resources sector will generate major inflows of foreign exchange that could rapidly transform the country. These resources have the potential to increase public revenues, which may be used to improve productivity, incomes, and the country's competitiveness. However, massive inflows of foreign exchange could place significant pressures on an economy. For example, the value of the Mozambican Metical could appreciate in real terms, causing so-called "Dutch Disease," i.e., bringing shifts in the relative prices of tradables and non-tradables, labor costs, incentives to trade, and negative pressures on economic competitiveness.

Outside of agriculture and in addition to the resource extraction industries, tourism and manufacturing are expected to be cornerstones of the future Mozambican economy. These sectors are also likely to be affected by resource boom-driven changes. Light manufacturing and more capital intensive manufacturing for export most likely rely on importing materials or components and exporting assembled or processed products. If manufacturing is based on assembling or transforming imports for re-export, the advantages of lower costs of imports will not be strong, because the import component is just re-exported. If labor costs increase, however, this would have particular impact on the profitability of labor intensive light manufacturing. Manufacturing that depends on a natural resource (e.g. local power or minerals) will more likely be insensitive to labor availability or costs. An appreciating exchange rate may put Mozambique at a comparative disadvantage to other resource-rich locations.

Manufacturing for regional markets may hold promise, if transport service and availability is robust but any industrial business model would have to be robust to overcome South Africa's head start in terms of skills, manufacturing infrastructure and logistics. Agro-processing, adding value to Mozambique's own-grown products, or regionally-produced products could motivate local growth and sustained development.



Following on from a preparatory trip report prepared in 2013 by Martin Weber, SPEED, in partnership with CTA is undertaking a series of studies aimed at assessing Mozambique's competitiveness in light of the resource boom in key sectors including manufacturing. These studies along with others already undertaken will then be compiled into a publication about competitiveness.

**This quarter.** A scope of work was developed for the study into competitiveness in the manufacturing sector and consultants were selected. Work is underway to identify the value chains to be studied, in liaison with CTA's industry sub-committee.

**Results.** None yet.

**Next steps.** The study will be completed by September 2014 and then disseminated for comments and presented at a workshop in Maputo. The final version, revised to take into account comments received will then be disseminated through the SPEED web site and included in a compilation publication of reports about competitiveness.

## Impact of “tolerancias do ponto”

**Context.** The Mozambican Labor Law provides for the concept of Tolerâncias de ponto – TdP. These are ad hoc public holidays must be declared by the Minister of Labor and are declared and communicated with a minimum warning period of 48 hours. As a matter of practice the Minister consults with the tripartite labor committee (CCT) for approval when declaring TdP. However, since the body is tripartite, unions and government are able to out-vote the private sector. This means that TdP are generally declared even if the private sector opposes them. On the other hand, even when the business community is consulted through the CTA representative at CCT, the time given to respond is rarely sufficient to permit a wider consultation among the private sector.

TdP represents a political tool which is used in election years to gain favor with the electorate. For example, to date in 2014 there have been three TdP as well as two official public holidays in a 39 day period.

There is increasing pressure from the private sector to limit the declaration of TdP and to take into account its impacts on business, as well as to improve predictability in the working year. In light of this, CTA requested support from SPEED to quantify the economic cost of TdP to business and identify the various economic issues affecting business so that these can be put forward as a basis for developing an improved legal framework to manage the TdP issue. Using an evidence-based formula, economic analysis found that **the economy loses at least 48% of daily GDP, or an estimated US\$ 26 million per day.** The legal analysis resulted in alternative policy options that CTA can use in discussions with the government.

**This quarter.** SPEED and the legal consultants (Sal & Caldeira) presented the findings of the studies to the Board of CTA. Since the legal analysis offered several alternatives that could be recommended to the government, the board was asked to select which one that will be incorporated in the final report that they feel is adequate. There was also a request to include case studies (keeping the companies' names concealed) of the experiences of companies of companies on a day unexpectedly declared a TdP.

**Results.** Substantial support and buy in from CTA as to push this assignment towards its conclusion.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q3
64	Economic cost of "tolerancia de ponto"	Regulation	2. Presented for consultation

**Next steps.** SPEED will produce a final document on TdP that will be shared with CTA and subsequently delivered to the Ministry of Labor.

## Cross-border price differentials

**Context.** Mozambique's major retailers, mainly in Maputo city (Shoprite, Game, Pick n Pay, and Spar) rely heavily South African imports. However, they tend to practice high price variations between their Mozambican and South African operations, including among their Mozambique outlets. These price differences have raised numerous concerns in many circles, including government, consumers, and private sector.

This activity seeks to contribute to the understanding of the pricing patterns in Mozambique. It will unpack and shed the light on the prevailing high retail prices in the main retail stores in Mozambique's capital city, Maputo. The assessment will also explore the differences between prices in Nelspruit (South Africa) and those in Maputo and attempt to estimate the price transmission mechanisms between the two cities / countries, by examining the prices of both South African produced commodities and prices of those produced in both locations (e.g. sugar, milk, oil, etc.); and thereafter, understand the pricing patterns throughout the country by focusing on the Mozambique's largest cities/markets; Maputo, Beira and Nampula.

**This quarter.** The SOW is complete.

**Next steps.** Identification of consultants, approvals, and dissemination of the study findings and recommendations.

## Cost of capital

**Context.** Mozambique ranks 130 out of 189 countries in terms of the legal and institutional framework for getting credit, according to the World Bank's *2014 Doing Business Report*. Lending rates are very high in the country's banking system (between 16 and 20%). These hefty borrowing costs slow entrepreneurship and business expansion. Access to credit is rated as a major hindrance to the business environment. Less than 15% of Mozambicans hold accounts with formal financial institutions and, of these, less than 5% record positive savings. Notwithstanding, poor credit information infrastructure and contract enforcement methods make long-term lending too risky for many banks. Other typical suppliers of long-term finance such as insurance companies and pension funds are limited by underdeveloped capital markets, making reliable long-term investments difficult.

The resilience of high average lending rates also signals considerable credit market distortions and limited monetary policy transmission. High interest rates and banking fees have also curtailed SME access to credit, leaving much of the credit expansion attributable to private consumption. Overall, Mozambique's financial system is characterized by high interest rate spreads and high real interest rates signalling an underdeveloped banking sector with insufficient competition.

The CTA financial policy working group has asked for SPEED's support to investigate the reasons for prevailing high and unaffordable interest rates and interest rate spread and the way this in turn impacts the cost of capital in Mozambique. The study will assess the reasons for the persistent large spread between deposit and lending rates, and the high banking fees in Mozambique's financial system, bearing in mind the BoM's strategic objective "to promote a healthy and competitive financial sector with attractive interest rates, diversified financial services, and lower transaction costs".

**This quarter.** Initial draft of the SOW discussed with CTA.

**Results.** None yet.

**Next steps.** Next quarter will see finalization of the SOW together with CTA, identification of consultants, approvals, commencement of the study. Also, SPEED will support the CTA working groups discussion of the findings and organize a workshop to discuss findings and recommendations.

## International trade support for CTA

**Context.** CTA is the primary private sector counterpart that advocates for policy change with Government. To strengthen the quality of services provided to its membership, SPEED is

providing capacity support to CTA in the form of a Policy Analyst and Technical Assistance on demand. With this assistance, CTA is expected to be more effective in engaging the government in policy dialogue on behalf of the private sector

**This Quarter.** Following the study undertaken by CTA to evaluate the Impact of the Air Transport to the Tourism Sector the Government represented by the IACM (Instituto de Aviação Civil de Moçambique) SPEED commissioned a team of experts comprised of aviation engineers and lawyers to assist CTA. Meanwhile, the Policy Analyst is assisting the working committees of Tourism and Transport (sub-committee of aviation) to develop a position regarding South Africa's offer/proposal, under the Bilateral Agreement, to open the regional route between S.A. and Mozambique for any national company and from/to any airport in Mozambique and South Africa. To deal with all aviation related issues, and with CTA technical assistance the operators are in process to set up an operators association to be called AMOPAR.

Other important sectors that received CTA attention with SPEED support are the agriculture sector, extractive industry, and labor. In the agriculture sector, several activities took place including the attendance to the Agribusiness National Forum, where CTA raised most of the issues included at the New Alliance Policy Matrix Progress Report, and a field visit to Sofala and Manica, was made (with a team from USAID and Agrifuturo) to understand how activities related to the New Alliance can better be implemented and what linkages can happen between smallholders and the commercial farmers, traders and agro processors. Following the meeting between the US Ambassador and the Chairman of the Tax Authority (TA) a team from CTA's Agribusiness Working Group met with the Tax Authority to discuss how to go ahead and implement the recommendations from the Taxation on Agriculture Study done by SPEED, including the recognition by the TA of receipts issued by the buyer. CTA and TA agreed to start a pilot program in Manica, Tete and Zambézia, however it is still unclear if the whole recommendation will be fulfilled. On illegal taxes, the previous study recommended a nationwide campaign against the illegal taxes paid by traders and transporters of agriculture products with emphasis to maize when they move goods from one district to another. With SPEED support the campaign is ready; however, the Ministry of Agriculture still not comfortable with the messages to be sent under this process as such discussion is underway between MINAG, CTA and the company responsible for the campaign.

For the extractive industry and following the recommendations made by the study done by SPEED on Policy Options for Local Content in Mozambique, assistance is continuously given to CTA to disseminate the recommendations through presentations on workshops and seminars and to implement some of them including the establishment of a Local Content Task Force (LCTF), Technical Assistance to the LCTF to design and implement a National Local Content Policy and to outsource capabilities to design and implement an Enterprise Development Program aiming to improve local firms' capacity to respond to the extractive industry demand on quality, timing, safety and other procurement aspects.

For the labor sector, a study was commissioned by CTA to assess the impact of the natural resources boom to the Labor Competitiveness in Mozambique, the results were presented and discussed on a seminar. Also, the results of the evaluation of the impact of “*Tolerâncias de Ponto*” on Mozambique’s productivity were presented to the board of CTA which is expected to send the recommendations to the government, especially to the Minister of Labor.

Finally, the Public Participation awareness campaign undertaken by the several partners of CTA is ready to start. With support of the Policy Analyst, CTA designed the TOR’s and secured funding (other than SPEED) for several studies including: (i) Review and update of the Industrial Policy for Mozambique; (ii) Assessment of the current stage of the Maritime Cabotage in Mozambique including actions to be taken to revive this important cargo route for Mozambique (iii) Analysis of the Electricity Tariff Structure to understand why electricity is so expensive for the commercial and industrial consumers in Mozambique.

**Results.** CTA has strengthened its analytical capabilities, thus improving its capacity to influence policy reforms resulting in a better business environment. There is a perception that the board in charge has improved a lot its negotiation power with Government and better represents the private sector interest as a result was reelected for another 3 year term.

**Next Steps.** During the next quarter CTA expects to achieve the following: (i) provide technical assistance to the CTA’s Aviation working group operational aiming to increase competition in the air transport sector domestic & regional; (ii) establish the Local Content Task Force (LCTF); (iii) launch the Campaign on illegal taxes; (iii) Initiate the undocumented expenses pilot program (iv) Implement and finalize the public participation awareness campaign. The proposed law should be ready to go to Parliament.

## **EBDI conference**

**Context.** Each year, the World Bank Group organizes a regional Ease of Doing Business Conference. The purpose of these conferences is to bring together delegates from across the region to discuss reform efforts related to the Doing Business reports, share experiences, and ultimately accelerate reform across the region.

**This quarter.** Along with the IFC, MIC, World Bank and Irish Aid, SPEED supported the organization of the Ease of Doing Business Initiative (EDBI) conference. The conference took place in Maputo from June 30, to July 02, 2014. About 110 delegates attended the conference. Delegates included high dignitaries from the participating countries.

The conference consisted of presentations on the different indicators of the DB, with clear reform examples undertaken in countries from eastern and southern Africa. Thus informing and allowing for exchange of experience between participating countries. Areas presented included

Obtaining Construction Permits, Property Registration, Enforcing Inspections, International Trade, Access to Finance, Starting a Business and others. There was also a panel discussion on the Challenges, Opportunities and Constraints of the current investment climate in Eastern and Southern Africa.

The conference was closed by a presentation by Burundi, Ivory Coast, Madagascar and South Sudan on specific reforms currently undertaken. There was also the opportunity to go and visit some institutions where reforms have taken place such as the Single Electronic Window, The One Stop Shop (BAU), the Maputo Port and the Maputo Municipality.

**Results.** It is hoped that the EDBI would facilitate the replication of successful reforms across countries in Eastern and Southern Africa.

**Next steps.** Through contacts at the workshop, SPEED will work with the Municipality of Lisbon to help accelerate the various Doing Business reforms currently being undertaken.

## **Support to CCT on minimum wage negotiations**

**Context.** CTA is a member of the Labor Advisory Committee (CCT) as representative of the private sector. This social dialogue committee is tripartite, in addition to CTA it comprises of representatives of the labor unions and the Government, while it is chaired by the Minister of Labor. USAID/SPEED, upon request of CTA, hired a consultant to offer technical advisory services to CTA. The assistant will participate in the process of determining the minimum wages per sector, which are reviewed annually.

**This quarter.** The technical assistant supported CTA at CCT in discussion and negotiation of the minimum wage for 2014. The assistant is helping CTA organize the minimum wage for the CCT plenary session, the main objective of this meeting is to communicate to the government the final agreement on minimum wage between labor unions and private sector. The final proposal of the minimum wage was validated by the CTA labor working group and will be submitted for discussion at CCT.

**Results.** The matrix of minimum wage for each sector was submitted to the CTA labor working group for consultation and then submitted for approval by CCT.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q3
67	Technical Assistance to CCT	Admin Procedures	1. Analyzed
			2. Presented for consultation
			3. Presented for legislation
			4. Passed
			5. Implementation begun

**Next steps.** Present the proposal at CCT plenary section and adopt the new minimum wage for 2014. SPEED is considering the possibility of supporting CTA to draft a note about best practices in minimum wage negotiations.

## Institutional support to CTA

**Context.** CTA is the primary private sector counterpart that advocates for policy change with Government. To strengthen the quality of services provided to its membership, SPEED is providing capacity support to CTA in the form of a Policy Analyst and Technical Assistance on demand. With this assistance, CTA is expected to be more effective in engaging the government in policy dialogue on behalf of the private sector

**This Quarter.** Following the study undertaken by CTA to evaluate the Impact of the Air Transport to the Tourism Sector the Government represented by the IACM (Instituto de Aviação Civil de Moçambique) SPEED commissioned a team of experts comprising aviation engineers and lawyers to assist CTA on demand. Meanwhile, the Policy Analyst is assisting the working committees of Tourism and Transport (sub-committee of aviation) to come up with a common position regarding South Africa's offer/proposal, under the Bilateral Agreement, to open the regional route between S.A. and Mozambique for any national company and from/to any airport in Mozambique and South Africa. To deal with all aviation related issues, and with CTA technical assistance the operators are in process to set up an operators association to be called AMOPAR.

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Ambassador and the Chairman of the Tax Authority (TA) a team from CTA's Agribusiness Working Group met with the Tax Authority to discuss how to go ahead and implement the recommendations from the Taxation on Agriculture Study done by SPEED, including the recognition by the TA of receipts issued by the buyer. CTA and TA agreed to start a pilot program in Manica, Tete and Zambézia, however it is still unclear if the whole recommendation will be fulfilled. On illegal taxes, the previous study recommended a nationwide campaign against the illegal taxes paid by traders and transporters of agriculture products with emphasis to maize when they move goods from one district to another. With SPEED support the campaign is ready; however, the Ministry of Agriculture still not comfortable with the messages to be sent under this process as such discussion is underway between MINAG, CTA and the company responsible for the campaign.

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**Results.** CTA has strengthened its analytical capabilities, thus improving its capacity to influence policy reforms resulting in a better business environment. There is a perception that the board in charge has improved a lot its negotiation power with Government and better represents the private sector interest as a result was reelected for another 3 years term.



**Next Steps.** During the next quarter CTA expects to achieve the following (i) the technical assistance to the CTA's Aviation working group operational aiming to increase competition in the air transport sector domestic & regional; (ii) the Local Content Task Force (LCTF) established and running; (iii) the Campaign on illegal taxes underway; (iii) Undocumented expenses pilot program initiated and (iv) the public participation awareness campaign implemented and finalized. The proposed law should be ready to go to parliament.

## **AMCHAM strategic plan**

**Context.** The United States-Mozambique Chamber of Commerce is an independent, non-profit organization dedicated to the promotion of trade and investment between the United States and Mozambique. The Chamber's goal is to put the private sector at the forefront of Mozambique's development. Trade and investment create jobs and provide many other benefits to the citizens of Mozambique and the United States, as well as other participating organizations. USAID/SPEED is supporting AMCHAM to develop a five year strategic plan that will enable AMCHAM to fulfill its mission and become a key facilitator between Mozambican and US business communities and thus make a considerable contribution for the Mozambican economic growth.

**This quarter.** In collaboration with AMCHAM, USAID/SPEED launched a consultancy to develop AMCHAM's five year strategic plan. The consultants undertook the following activities: Visioning, Gaps Analysis and Strategic Thinking; Drawing Development Strategy; Draft Action Plan and Budgeting; Final Report of the Strategy (includes Action Plan and Budgeting).

**Results.** None yet.

**Next steps.** The major findings will be presented at a workshop next quarter.

## **MIC Coordination Council**

**Context/this quarter.** The XII Coordination Council (CC) of the Ministry of Industry and Trade (MIC) was held from 28<sup>th</sup> to 30<sup>th</sup> May 2014, in Bilene, Gaza Province. This year's CC motto was "5 years helping Mozambique Grow".

The XII Coordination Council was headed by His Excellency Armando Inroga, Minister of Industry and Trade, and counted with the participation of His Excellency Kenneth Marizane, Deputy Minister of Industry and Trade, as well as the Permanent Secretary, the Inspector General, National Directors, officers and subordinate institutions tutored, Commercial Directors, Advisors, Deputy National Directors, Heads of Departments, Provincial Directors and permanent guests, the Executive Directors of the BAU's, Provincial Delegates of the National Inspection Activities and other senior MIC staff at central and provincial levels. Members of the private

sector and guests from the donor community also participated in the Coordination Council. One of such guests was USAID/SPEED.

**Results.** The council discussed overall achievements and reforms advanced by the public sector in order to improve trade and the business environment in the country, over the last 5 years. There were also discussions looking into the future, more towards an industrialization strategy and regulation with an eye to SMEs and the use of the extractives to boost industrialization in Mozambique.

## Support to MIC to participate in ICN

**Context / This Quarter:** Mozambique participated in the 13<sup>th</sup> annual conference of the International Competition Network (ICN) in Morocco. SPEED facilitated participation by two team members from the Ministry of Industry & Commerce (MIC). The conference included participants from 90 countries which have competition legislation in place.

The meeting included discussions about the ICN network, the role of competition legislation in respect of publicly owned companies, transparency and confidentiality in investigations, use of software to manage competition-related issues and ways of using international cooperation during mergers, as well as prevention of cartels and predatory pricing.

The conference included a sub-meeting of the African Competition Forum and a presentation by the International Chamber of Commerce.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q3
62	Competition law - regulation	Regulation	3. Presented for legislation
			4. Passed

**Results / Next steps:** Mozambique took an active role in the meeting of the African Competition Forum, which presented a series of case studies on key areas of competition (i.e., sugar, chicken, cement) for the continent. Mozambique was invited to present its new competition law at the next meeting of the African Competition Forum.

Mozambique's delegates expressed interest in the International Chamber of Commerce's code of conduct which they expect to introduce to business in Mozambique.

The delegation determined that it is important to attend the meetings of ICN on a regular basis to keep abreast of developments in the field of competition management. They established that there is sufficient material available from ICN for the African Competition Forum (ACF) to begin working with greater energy and the delegates are committed to assisting this to happen.

Of particular importance is the establishment and maintenance of networks created between countries based not only on ICM and the ACF but also business networks, to ensure that competition legislation is uniformly applied and both governments and business work together to ensure a level playing field.

## *Agriculture*

**Agriculture.** With three-quarters of the population dependent on agriculture for their livelihoods, there is a consensus both globally and within the country that the private sector needs to play a leading role in developing agriculture. SPEED's activities to support the competitiveness of agriculture in Mozambique center upon providing a **Senior Economic Advisor** to the Minister of Agriculture, whose primary responsibility is to develop and implement the Agriculture Investment Plan. A central focus of the Senior Economic Advisor and the rest of the SPEED team is support to the Government of Mozambique to implement policy commitments under the *G8 New Alliance for Food Security in Africa*. In addition, SPEED supports a number of **targeted activities** that have been specifically identified by the private sector in agriculture. An example is the SPEED-supported campaign against illegal taxes in agriculture.

## **New Alliance for Food Security and Nutrition**

**Context.** In 2012, the Government of Mozambique and the G8 members committed to the *New Alliance for Food Security and Nutrition* initiative aimed at generating greater private investment in agricultural development, scaling innovation, achieving sustainable food security outcomes, reducing poverty and ending hunger. Under the New Alliance, the private sector committed to make investments in agriculture projects that have a pro-poor element, the government agreed to implement 15 key policy reforms under the [Country Cooperation Framework](#), and the donor community promised to support the policy reform process.

Private sector representatives have indicated that they intend to invest in Mozambique's agriculture sector in support of the CAADP/PEDSA National Investment Plan for Agriculture and Food Security (PNISA). In 2013, 21 companies signed agreements under the New Alliance for Food Security in Mozambique, committing to contribute to sustainable agricultural development through investments in numerous commodities and value chains.

The Government has made some progress on the 15 promised reforms (see table below). However, much work remains, especially in terms of ensuring that these reforms facilitate private sector involvement in the sector and implementation.

Mozambique's development partners have committed over \$1b to the agriculture sector to date. In the absence of a National Investment Plan, several development partners continued to support the sector through bilateral program support. Of the \$1.2b committed to the sector up to June 2014, \$930m was through bilateral programs while \$236m was allocated to the Government of Mozambique to implement the National Investment Plan.

<b>New Alliance for Food Security &amp; Nutrition in Mozambique - Policy Framework</b>		<b>Status</b>
<b>1</b>	Revise and Implement National Seed Policy	Completed
<b>2</b>	Implement approved regulation governing seed propriety laws which promote private sector investment in seed production (basic and certified seed).	Completed - with quality concerns
<b>3</b>	Revise and approve legislation regulating the production, trade, quality control and seed certification compliant with the Southern African Development Community (SADC) Seed Production (basic and certified)	Completed - Quality concerns
<b>4</b>	Develop and implement a national fertilizer regulatory and enforcement framework	Completed
<b>5</b>	Assess and validate the National Fertilizer Strategy	Some Progress
<b>6</b>	Adopt procedures for obtain rural land use rights (DUATs) that decrease processing time and cost	Some Progress
<b>7</b>	Develop and approve regulations and procedures that authorize communities to engage in partnerships through leases or sub-leases (cessao de exploração).	Some Progress
<b>8</b>	Eliminate permit (guia) requirements for inter-district trade in Agriculture commodities	Some Progress
<b>9</b>	Develop and approve invoices that can be issued by purchasing firms on behalf of suppliers (i.e. smallholder producers) that are not registered taxpayers; develop and approve respective monitoring and control procedures. Implement fiscal education program for small holders, concluding tax registration.	Some Progress
<b>10</b>	Eliminate the Simplified VAT scheme and replace with the existing ISPC (Simplified Tax for Small Contributors)	No Progress
<b>11</b>	Approve a decree allowing the setup of Private credit information bureaus	Some Progress
<b>12</b>	Enact mobile finance regulations that are risk-based and allow for experimentation and innovation	Not Completed

<b>13</b>	Enact approved Food Fortification Regulations (including bio-fortification).	Some Progress
<b>14</b>	Determine optimal structure for institutional coherence within nutrition, as per SUN country - Level Strategic priorities	Completed
<b>15</b>	Ensure the PAMRDC and CAADP/PEDSA implementation plans are aligned with one another	Some Progress

**This quarter.** Over the course of the quarter, SPEED deepened and accelerated engagement with the Ministry of Agriculture, USAID and other stakeholders to increase private sector engagement in the New Alliance process, support progress toward implementation of key policy commitments, and promote coordination and collaboration across various stakeholder groups.

SPEED, CTA and LOI companies with the aid of a local consulting firm MB Consulting have organized a High Level Business Advisory Working Group on the New Alliance, a dialogue forum that will allow private sector companies to jointly address their policy related concerns. The meetings will be thematic in nature, covering all of the policy issues contained in the NA Policy Matrix and beyond. The group is scheduled to have its inaugural meeting in July 2014.

On seeds, SPEED, co-financed and participated in the National Seed Conference and is supporting the establishment of the National Seeds Dialogue forum. There has been a subsequent request by the Ministry of Agriculture for SPEED support to replicate the National Seed Conference at the regional level, possibly in the Center Region (Beira) and in the North Region (Nampula). SPEED is working with INOVAGRO and through the National Seeds Dialogue forum.

On fertilizers, SPEED is working with the Ministry of Agriculture (The National Directorate for Agrarian Services), the African Fertilizer and Agribusiness Partnership, the International Fertilizer Development Center and the Alliance for the Green Revolution in Africa (AGRA) to hold the National Platform for Dialogue and Promotion of Fertilizer Use in Mozambique (planned for next quarter).

On land and illegal taxes, SPEED is working with the Ministry of Agriculture on streamlining the process for obtaining land and eliminating illegal and unnecessary fees and taxes in agriculture. See sections on “Rural land legal framework capacity building” and “Illegal fees campaign” for more details.

On taxes, CTA, with the support of USAID /SPEED, proposed a pilot project to implement the policy in selected provinces (e.g., Manica, Tete, Zambezia and Nampula). The 12-month pilot

aims to identify formal and recognized companies that are allowed to issue receipts on behalf of unregistered farmers and bring them into the tax system.

On nutrition, SPEED drafted terms of reference for a high-level analysis of the Food Fortification draft law, as to gauge its effectiveness and its overall impact on Food Security and Nutrition, and working very closely with GAIN to identify adequate consultants through their network to undertake this study.

SPEED produced the [2014 New Alliance Annual report](#), which includes updated Country information on: (1) the status of the implementation of the New Alliance policy reforms; (2) a donor tracking exercise of funds spent in the agriculture sector by the development partners; and (3) an updated activity tracker of LOI companies, including levels of investment and activities.

On private sector engagement, the Agribusiness Forum organized by CEPAGRI in Zambezia offered further opportunities to interact with different stakeholders. SPEED also took part in a Global Alliance for Improved Nutrition (GAIN) Technical Advisory Committee, charged with selecting innovative nutrition-improving agribusiness ideas which would benefit the largest number of people in addition to being profitable.

**Results.** This quarter SPEED made four presentations done on the New Alliance based on the New Alliance Annual Report at the (1) CEPAGRI, Quelimane - Mozambique Agribusiness Conference; (2) Unilurio, Northern Region Development Forum; (3) AGRED Donor Working Group; and (4) Agribusiness Donor Working Group. The facilitation team assisted an additional 13 new companies or individuals, interested in investing, bringing the total number of entities assisted, since July 2013, to 84. These companies have been contacted to actively engage and present their concerns through Business Advisory Working Group. SPEED launched [The New Alliance Website](#) that contains all of the updated work that has been done by the New Alliance Team.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q3
72	Cessao de exploracao	Regulation	1. Analyzed
SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q3
73	Assessing the quality of seed policy, legal and regulatory framework	Policy	1. Analyzed

#### Next steps.

- The High Level Business Advisory Group is scheduled to have its inaugural meeting in early July 2014.

- On fertilizers, SPEED will support and participate in the National Platform for Dialogue and Promotion of Fertilizer Use in Mozambique, to raise awareness, stimulate demand and engage in further dissemination of activities scheduled for July 15<sup>th</sup> 2014.
- On taxes, SPEED will continue to work with CTA and the Tax Authority to advance and pilot the agreed reforms.
- On nutrition, SPEED is working with the Global Alliance Food Security and Nutrition as to do an analysis of the Food Fortification Draft Law.
- On Private Sector Engagement SPEED will continue to build on the assistance it has been providing to investors (LOI Companies) by recirculating the donor activities tracking document through the various stakeholders, adding information to the already existing information on the institution has based on most recent inquiries, and create a plan for facilitation training in CEPAGRI's provincial delegations.
- Finally, SPEED will continue to improve dissemination and communication on progress towards the New Alliance goals via the [website](#), a blog series, workshops, and other activities.

## Competitiveness in agriculture

**Context.** Mozambique's emerging and fast growing extractive industries, particularly coal and gas, raise a legitimate development question: will Mozambique fall victim to the well-known "Dutch disease" that has occurred in countries like Nigeria and Angola? The latter have so far failed to translate resource abundance into equitable and sustainable growth. Or will the country build on the benefits of coal, gas, and other mineral resources to spur resource-led growth that can lead to more diversified economic growth if the government pursues sound macroeconomic policies and wise management of returns from natural resources? How can Mozambique avoid falling into the well-known resource curse, the paradox of plenty?

Mozambique's future growth story should not be limited to the extractive industries. The importance of other sectors, including agriculture, should continue to pave an important path to Mozambican development. How? What should be done? What to expect in terms of likely impact of emerging and fast growing extractive industry on the agriculture sector? All these issues should be understood today, to inform decision makers and investors to take "right" decisions and actions today. Understanding the likelihood of and the potential impact of the "Dutch disease" on agriculture industry particularly on its tradable value chains industries is critical.

SPEED supported work on natural resource boom and commissioned a study on [Competitiveness in Light of Mozambique's Resource Boom](#). The study will help build understanding and develop consensus around the opportunities and challenges to Mozambique's economic competitiveness and growth as a result of the current resource boom. This study takes

a deep dive on Mozambique's agriculture competitiveness and examines issues arising from the resource boom.

**This quarter.** In consultation with local agribusiness stakeholders, five agricultural value chains were selected for inclusion in the study, representing a cross-section of agricultural products grown in Mozambique as viewed through the lenses of the primary market (export vs. import substitute) and scale of production (commercial vs. smallholders):

REFERENCE MARKET		SCALE OF PRODUCTION	
		Commercial-scale	Small Farmer-scale
	Export-oriented	Bananas	Cotton
	Import substitution-oriented	Tomatoes, Rice	Soy,* Tomatoes, Rice

The team agreed on the study's conceptual framework and outline. The team conducted field work and extensive desk review to better understand agriculture competitiveness and exploring the range of potential economic impacts of the macroeconomic and relative price responses on value-chains – as they exist today and as they might evolve in response to the boom. The report will be completed end of July.

**Results.** None yet.

**Next steps.** Preliminary validation of study findings with key stakeholders investing in agriculture industry and a public workshop held to discuss the findings and implications for government policy.

## Competitiveness in labor markets

**Context.** Despite over a decade of strong economic growth, Mozambique remains an extremely poor country with low human development outcomes. Employment promotion is part of a three-pronged government strategy to reduce poverty in Mozambique, the other two elements being 1) improvement in agricultural and fisheries production and productivity, and 2) increased access to quality health and education services.

Mozambique's poverty reduction strategy paper highlights three employment-related priorities: 1) stimulating the creation of new employment, 2) improving the employability of the Mozambican labor force, and 3) facilitating linkages between labor supply and demand.



Growth of the extractives sector is expected to lead to growing demands for labor. As demand for labor increases in mining areas and related sectors, able-bodied males may opt to leave family agriculture in search of mining jobs. Those left behind, particularly women household members, in the rural sector may face labor shortages. Alternatively, rural labor may not meet skill demand requirements in the resource extraction sector. In such a case, the rural economy may be largely insulated from higher-wage urban labor markets, and therefore agricultural production may not face significant labor-related pressures, and low cost labor may continue to be available for labor-intensive manufacturing and other activities taking place in rural areas. However appreciation of the Metical will likely affect other sectors which are traditionally labor intensive, such as manufacturing and tourism.

In order to better understand Mozambique's labor market dynamics and what is required to ensure the competitiveness of the sector and following on from a preparatory trip report prepared in 2013 by Martin Weber, SPEED in partnership with CTA is undertaking a series of studies aimed at assessing Mozambique's competitiveness in light of the resource boom in key sectors including labor. These studies along with others already undertaken will then be compiled into a publication about competitiveness.

**This quarter.** A study of Mozambique's labor competitiveness in light of the resource boom was undertaken. This study will contribute to an understanding of the opportunities and challenges to Mozambique's economic competitiveness and growth presented by the coming boom in natural resource exploitation and export. In particular, this study explored the impacts of a potential appreciation in the value of the Metical in response to the resource boom, and its implications for the relative prices of tradables and non-tradables, labor demand, wages, and hence economic competitiveness.

As a detailed study of the Mozambican labor market the report characterized the market's segmented structure, costs, and elasticities, described expected labor market impacts of growth in the mining and construction sectors, characterized through a set of alternative scenarios the expected impacts of such changes elsewhere in the Mozambican economy, including on rural smallholders in Mozambique, examined current policies that affect the labor market and present scenarios of alternative policies to mitigate the expected impacts.

**Results.** The report is available on the SPEED website [here](#) It was disseminated through SPEED and CTA contact lists as well as to those who participated as informants. On 5<sup>th</sup> June the report was presented at a workshop in Maputo attended by around 50 people from government, unions, business and NGOs.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q3
66	Competitiveness study - labor	Policy	1. Analyzed
			2. Presented for consultation

**Next Steps.** The content of the report will be used by CTA to feed in to discussions with government about policy to deal with competitiveness in light of the resource boom. The Ministry of Plan and Development has invited the report's authors to make a presentation at the ministry's upcoming planning session. Blogs about the report's contents will be published on the SPEED web site in order to keep the matter in the public eye and the report will be one of those included in a compilation book about competitiveness which SPEED and CTA will publish towards the end of 2014.

## Illegal fees campaign

**Context.** The SPEED study on [Non-Fiscal Barriers](#) (NFB) to Agriculture in Mozambique (August 2013) commissioned by CTA identified several obstacles to the agriculture sector, including a number of illegal and informal taxes, permits or fees. To address this issue, the study recommended a national communication campaign against these taxes and fees, and called for their abolition. CTA, in collaboration with SPEED, engaged a top professional marketing company, Golo, to design and implement a communication campaign against the illegal taxes in the agricultural industry. The campaign will target audiences dealing with agricultural transport and marketing and specific geographical areas where these fees have become particularly problematic.

**This quarter.** SPEED worked with CTA and other relevant stakeholders (Ministry of Agriculture (MOA), Ministry of Industry and Trade (MIC), Revenue Authority AT, etc) to ensure that the marketing company properly refines the communication campaign messages. These stakeholders are spearheading the initiative. This consultation has led to full buy-in and acceptance on the part of these key stakeholders at the Director level especially. Given the difficulty getting the Ministry on board, it was decided that CTA will lead, deciding on a launch date and next steps and inform the government on the way forward. Meanwhile, SPEED, CTA and Golo worked on details for materials distribution on the critical field sites such the number of checkpoints, type of agricultural commodities, the transporters associations and the green line.

**Results.** None so far. However, the initiative is expected to result in the reduction and/or total elimination of illegal taxes on agriculture supply chain participants. In the long-term it is expected that the elimination of these illegal taxes will contribute to improve agriculture competitiveness and reduction of transaction costs.

**Next steps.** Launch the campaign, scheduled for end-July 2014. Possibly expand the campaign to additional Feed the Future districts if successful.

## Rural land legal framework capacity building

**Context.** The Land Law recognizes the right to land use, known by the Portuguese acronym, DUAT (Direito de Uso e Aproveitamento de Terras). DUATs can be held individually or collectively. Reports on land conflicts between local communities and large-scale investors have been on the rise. These conflicts are partly explained by the increasing pressure and high demand for land associated with limited administrative capacity of DUATs both at central and local levels. Furthermore, gaining access to land with emerging mineral, gas and coal industries is compounding the challenge, raising tensions amongst community, government and extractive industry. The challenges potentially increase opportunities for social instability, corruption and other inappropriate practices in land administration and management. It is therefore critical to strengthen processes and procedures of obtaining land rights, respecting the legal procedures as well as understanding the macro, institutional and business environment framework underpinning the process of acquisition of rural land. This will help with conflict prevention and facilitate business in a community ‘friendly’ environment.

In 2012, ACIS requested SPEED’s support to produce the third edition of "The Legal Framework for Recognizing and Acquiring Rights to Land in Mozambique in Rural Areas - a Guide to Legalization and Occupation," known as the Land Manual. The [Manual](#) was prepared by Sal & Caldeira in collaboration with the National Directorate of Land and Forests (DNTF). The Manual aims to support the institutions responsible for the administration and management of land, investors, activists and other stakeholders dealing with the processes and procedures related to land access in rural Mozambique.

At the same time, under the *New Alliance for Food Security and Nutrition*, the GOM has committed to specific policy reforms related to obtaining and trading rural land rights. One of these commitments is to streamline the process for obtaining rural land.

**This quarter.** The training of trainers (ToT) took place on April 24, 2014. Sal & Caldeira and DELCAM Consultoria e Serviços conducted the training to 18 trainees (20% more than target), managers and senior staff from DNTF and DELCAM. The replication of training took place in Maputo, Sofala and Niassa provinces. The training was carried out by DELCAM Consultoria e Serviços in collaboration with the Ministry of Agriculture/ DNTF on May 26-28, 2014 in Maputo and on June 4-6, 2014 in Sofala and Niassa concurrently, with a total participation of 71 trainees, well above the planned target of 55.

The training (both ToT and replication) evaluation indicated that the training and its materials were satisfactory. One of the key aspects the trainees required better understanding (skills gap)

was associated with the land law linkages and its complementarily aspects with related legislation. Identified key institutional challenges include: difficulty to assemble in a timely fashion the required set of documents to apply for DUAT; land conflict management; weak human capacity; and low inter-institutional coordination. In addition, the current institutional set up, particularly at local (district) level, seems to be creating some inconsistencies on responsibilities regarding land management process and who should grant DUATS. These issues may merit further research to better understand reform and modernization of procedures that could streamline the process for obtaining rural land.

**Results.** Although the training has been successful in increasing understanding and knowledge among DNTF and other government stakeholders as to the process of obtaining land, the procedures themselves still need streamlining. The training has provided “hints” to initiate a dialogue towards reforming the process for obtaining rural land.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q3
54	Land manual training and dissemination	Admin Procedures	5. Implementation begun

**Next steps.** Next quarter the consultants will produce a preliminary assessment of the underlying reasons for land conflicts, and constraints associated with the processes and procedures for acquiring DUATs, including a baseline on the average time to issue a DUAT. These reports may shed more light on potential reform to the process for obtaining rural land.

## Agriculture, food security and nutrition law review

**Context.** In January the Parliament issued a draft law on agriculture, food security and nutrition for discussion. SPEED was asked to provide a high-level analysis which immediately highlighted a number of significant legal and economic concerns with the draft. On this basis, and in light of feedback received from USAID and MINAG, two consultancies were undertaken, a legal analysis and an economic analysis.

During the last quarter the high-level analysis was followed by a legal and an economic analysis of the law. Blogs on the subject were also prepared for discussion, and a briefing presentation was given to USAID and other development partners.

Key issues highlighted in the legal analysis included potential unconstitutionality of the law, overlaps and inconsistencies with existing legislation, and costs related to implementation and creation of new government bodies. In terms of unconstitutionality one of the key issues was the impact the draft law would have on the right to undertake business without undue government intervention in the economy.

The economic analysis therefore built on the legal analysis particularly focusing on the potential impacts of this type of legislation on the development of the economy. International best practice options for legislating in the areas of agriculture, food security and nutrition were discussed with a view to providing alternative options for achieving the desired results but without causing undue damage to the private sector.

The law, including an English translation, and the legal and economic analyses were disseminated both through SPEED's web site and social media and through other development partners and SPEED's partners CTA and MINAG.

**This quarter.** SPEED continued to contribute to the debate around the proposed legislation by providing detailed comments to FAO legal team's commentary on the draft and providing inputs to the USAID and AGRED teams discussing this issue.

**Results.** No further progress is reported on the passage of this legislation. It is likely that the draft will not be approved in the parliamentary session due to run from July-August and therefore no further action is expected until after the elections in October.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q3
61	Food Security and Nutrition law review	Policy	2. Presented for consultation

**Next steps.** No further action unless required due to movement on the passage of the draft.

## Agribusiness media project

**Context.** Agriculture is a critical sector for Mozambique's economy. From small scale family sector farmers through to major commercial agriculture projects, each has a contribution to make to the development of the economy. Mozambique has committed through the New Alliance and Feed the Future initiatives and its agriculture development plans and strategies to promoting agriculture development based on the participation of business. However these initiatives are framed within the country's coming resource boom which is likely to transform the economy and brings with it the risk of Dutch Disease. The impacts of the economic transformation are likely to be strongly felt in the agriculture sector, with increased costs such as labor and imported inputs as well as a rise in land conflicts. However with these challenges could also come opportunities such as more competitive exports and a diversification of crops as well as a growing national consumer base.

At the same time the agriculture sector faces significant challenges in access to land, infrastructure, skills, and inputs. Mozambique is well-placed to take advantage of shortages within the region and is a potential transport hub for the export of agricultural commodities. It is

a fertile country with significant areas of land for cultivation. Both companies and individuals in the sector are involved in innovation and experimentation.

CTA, in partnership with SPEED has been seeking ways to increase dialogue around economic and business development, and particularly agriculture and agribusiness. With this in mind CTA and SPEED launched a pre-qualified tender to solicit proposals from media companies to create a partnership focusing on the development of an innovative series of media actions aimed at promoting dialogue and discussion around agriculture policy, the role of agribusiness, to showcase the opportunities and constraints faced by companies in the sector and illustrate success stories as well as promoting discussion of wider policy issues.

**This quarter.** Two companies (Soico and TV Miramar) responded to the request for expressions of interest and Soico was selected as the company to take the project forward, based on their technical capacity, the demographic reach of their media group and the innovation of the proposal.

Soico is the leading independent media company in Mozambique with TV and news channels broadcasting in Mozambique, Angola and Portugal, a radio station and a national newspaper as well as a strong online presence.

The project is called Agro.Biz with the sub-title “Cultivar Mercado para Todos” (*cultivating a market for everyone*). The Soico proposal envisages using a variety of approaches to communicate key messages about agricultural development (including competitiveness and gender) to a wide variety of audiences using all the media types at the company’s disposal. The range of activities will therefore include development of short success story feature spots, case studies, televised debates, audience participation through phone-ins and publication of content in print media.

Contracting is currently being finalized with a view to the project beginning in July.

**Results.** None yet.

**Next Steps.** The Agro.Biz project will be undertaken in four components as follows:

- Agro.Biz content development Phase I – July – October focusing on New Alliance and Feed the Future (content for pre-election broadcast)
- Agro.Biz content development Phase II – October – December focusing on New Alliance, Feed the Future, competitiveness in the agriculture, tourism, labor and manufacturing sectors and gender (content lead up to proposed CTA regional conferences)
- Agro.Biz Opinion – focusing on success stories, short opinion slots and news print content including supplements and editorials

- Agro.Biz TV – focussing on major television interview, televised debates and public discussion phone-in programs

The expected results are:

- 1 televised national interview program with key decision-maker
- 5 televised debates on the O País Económico Program
- 5 televised phone-in programs on Linha Aberta
- 10 x 4 page inserts in O País newspaper
- 10 x 1 page opinion / editorial in O País newspaper
- 20 x 60 second real life case study success stories broadcast on radio
- 20 x 60 second real life case study success stories broadcast on TV
- 12 x 15 minute Agro.Biz short features on key issues broadcast on TV

## **Nacala special terminal**

**Context.** In February 2010, the Government of Mozambique approved the creation of a new Port Terminal in Nacala (TEEN) which was later concessioned to a private company (NCL & Africa Import and Export Ltd) to operate. The purpose of the terminal was to unblock the Maritime international terminal which was completely overloaded. The two terminals were operating simultaneously and providing the same services to exporters and imports until January 18, 2012, when the customs authority announced a mandatory use of the new terminal by exporters.

Traders in the Northern provinces represented by Conselho Empresarial Antena Norte and ACIANA (Commercial and Industrial Association of Nampula) complained about the introduction of this terminal, in addition to the existing scanner at the Port of Nacala, duplicated tasks, increased costs, was time consuming, was located in a difficult place to access and lacked the minimum technical standards required for an export port terminal.

To address these issues, CTA asked SPEED to conduct an evaluation of the TEEN that would look at both economic impact and legal issues.

The mandatory use of that terminal, on one hand reduces the competitiveness of domestic products and on the other hand reduces the profits of the peasants, because since the prices are set by national exporters in the international market all downstream costs are passed on to the producers.

It is worth remembering that most of the exporting products of Mozambique are also produced in neighboring Tanzania so that any increase in operating costs in local ports reduces country competitiveness, cashews are the main example between others.

In this regard the most striking example reported in Nampula is that of bran, whose international market price is \$60USD/ton, however the current cost of export rose to \$100USD/ton, due to the installation of the TEEN.

Another weakness of this terminal is the fact that it has opening and closing time when it is known that one of the requirements of international trade is not having schedules, which is an important indicator of performance and efficiency of ports.

**This quarter.** During this period, the SOW for this study was extensively discussed and agreed upon; field work conducted in Nacala; data collection completed through interviews; and bilateral meetings held with key informants. From this research, SPEED produced a [report](#) on impact evaluation of TEEN. A public presentation with around 45 participants took place in Nacala. The main conclusion of the workshop was that TEEN is illegal, because the contract between Ministry of Finance and the terminal operator the private company (NCL & Africa Import and Export Ltd) does not have authorization from the Administrative Tribunal to operate, much less to force the private sector to use the terminal on a mandatory basis. The private sector (CTA) is asking to ban the mandatory use of TEEN and private sector representatives asserted that if this measure not taken they will stop to export goods.

**Results.** Tax Authority agreed to submit CTA concerns to the AT President, with an eye toward eventually eliminating the mandatory nature of the TEEN.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q3
60	Nacala Port Terminal - legal review	Regulation	1. Analyzed
			2. Presented for consultation

**Next steps.** Disseminate the results of the report and improve dialogue with AT on legal and financial aspects of TEEN.

## Non-intrusive inspection (scanners)

**Context.** In April 2006, the Council of Ministers approved the Decree 10/2006 which allowed the introduction of non-intrusive customs inspections using modern scanning technology. The service is provided through a concession to a private sector operator. The Decree provided that the operator could recover its costs by charging fees to users.

Since the introduction of non-intrusive inspection of goods at ports and borders in Mozambique, there has been recognition of the importance of the use of scanners to facilitate imports and exports. The private sector has also expressed some dissatisfaction; CTA does not agree with the



costs and procedures involving the use of scanners, and believes that the legislation is not aligned with international best practices. Similar to pre-shipment inspection, this issue that has languished on the list of CTA policy priorities. Studies have been conducted around the implementation and cost of scanners in Mozambique and recommendations made for improvement, with no real reforms to date. Moreover, there is no regulatory framework in place for implementation of procedures for scanning goods in Mozambique.

CTA requested support from SPEED to conduct a study to review the legal framework for scanning in terms of the appropriateness of its requirements for each mode of transport (air, sea, rail and land), and inform the development of appropriate regulatory framework. The study will recommend ways to implement a risk management system and provide comparative analysis of the law with those of other countries in SADC and international trade standards.

**This quarter.** SPEED produced a [report](#) on legal and comparative analysis of Non-Intrusive Inspection via field work in Nacala and extensive interviews. A public workshop with around 50 participants took place in Maputo on non-intrusive inspection (INI). CTA intends to revise the regulations on INI in Mozambique to address the cost issues, the lack of competitiveness in procurement, and lack of transparency (no public consultation) on the adjustments of fees.

**Results.** The private sector and Tax Authority agreed to draft together the new regulation on INI.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q3
59	Non-intrusive Inspection (Scanners)	Regulation	1. Analyzed
			2. Presented for consultation

**Next steps.** Incorporate feedback into the legal review and comparative analysis study, expand dissemination of both, and work together with CTA an AT on the proposal of new regulation on scanners.

## Agriculture investment plan

**Context.** In May 2011 the GOM approved the Strategic Policy for Agriculture Sector Development (PEDSA) as the key national CAADP implementation instrument in Mozambique. Subsequently, in December 2011 the Government Of Mozambique (GOM), development partners and Civil Society Organizations, signed the CAADP Compact. In January 2012, the GOM launched the preparation of the Agriculture Sector National Investment Plan (PNISA). USAID was asked for assistance and SPEED provided a senior economic advisor to coordinate the process. The Investment Plan was approved in December 2012 and submitted to the NEPAD Secretariat for peer review. This was concluded in February 2013 and in April 2013 the

Investment Plan was launched at the Business Meeting held in Maputo and presided by the Mozambican Head of State, H.E. Armando Emilio Guebuza.

**This Quarter.** The implementation of the Investment Plan requires that a monitoring and evaluation plan be developed, as well as a setting up of an implementation coordinating structure, including a Sector Joint Review mechanism. With the support of Michigan State University, SARKS and IFPRI the MOA with the participation of stakeholders concluded the processes mentioned above and relevant documents were to be presented at the first Joint Sector Review meeting scheduled for April 2014, but this was postponed to a later date in the second half of the year.

To support the policy analysis within MINAG a cooperation agreement was signed between the Directorate of Economics (DE) and SARKS. Under this agreement SARKS has provided technical support to DE by seconding a senior researcher whose main task will be preparing the supporting technical document for the Joint Sector Review and for the Agriculture Sector Coordinating Committee. The Economic Advisor is working closely with SARKS supporting unit and DE.

Development partners are still showing concerns regarding the capacity of the MINAG to manage large amount of funds and therefore are pressing for the development of disbursement mechanism. The World Bank has agreed to fund a consultancy to develop a tracking mechanism of agriculture related budget expenditures to allow the alignment between PNISA and Government Budget and support the PNISA reporting mechanism and to respond to development partners concerns. However, this work has not started due to World Bank internal approval procedures.

Representing Mozambique, the senior advisor participated in the African Agribusiness Forum held in June 2014, in Malabo, Equatorial Guinea. The Forum attended by stakeholders from across the continent to devise a road map for implementing the ministerial commitments towards CAADP, Specifically the objectives of the Forum were:

1. Formulate elements of road map to operationalize Ministerial and Summit commitments
2. Identify ways for achieving deeper engagement of the private sector
3. Agree on principle/approaches for unlocking domestic financial capital investments
4. Agree on some practical strategies for ensuring inclusiveness: smallholders, women and youth
5. Begin to define elements for institutional architecture for opening private sector engagement , mobilization and enhanced voice

The senior advisor will serve as member of the continental working group that will refine the road map to ensuring the implementation of ministerial commitments to promote agribusiness in Africa.

**Results.** 2014 is first year of full implementation of PNISA. One significant result of this is the budget increase by almost 12% in 2014, for the Ministry of Agriculture. It must be noted that the lack of or no disbursement of funds by some development partners caused the 2014 budget for the sector to be short and because of the funding gap important activities remained unfunded this year. In fact, the total Government Budget for MINAG in 2014 represents only 50% of what PNISA foresees for this year. It is anticipated that the funding issue will be under the main priority topics for MINAG to discuss with development partners. Some positive results are that under the PNISA umbrella the Government of Mozambique has mobilized World Bank support align the National Budget expenditures in the agriculture sector with the sector strategic planning document, and boost of DE analytical capacity provided by IFPRI and ReSUCKS.

**Next Steps.** One major activity for next quarter will be the preparation and convening of the first Joint Sector Review. To this end, the senior advisor will continue working closely with DE and the Supporting Unit to make sure that the review process is successful. Considering the original principals enshrined in PEDSA/PNISA the Joint Sector Review will facilitate broad-based and inclusive consultations and dialogue among all relevant stakeholders including private sector, farmers and civil society. He will also focus his activities to the World Bank project to align the National Budget with PNISA. Another focus activity is related to the Mozambique Agriculture Risk Management mechanism which has started in January and has reached the stage of solutions development for water management and irrigation, crop protection and market access. A joint Government-World Bank solution designing mission is scheduled to start working in August 2014.

As a member of the technical working group the Economic Advisor will continue supporting this important phase of the implementation of the investment Plan, as well as to support the Director of Economics in strengthening the internal coordinating structure of the Investment Plan implementation within the Directorate of Economics. The Directorate of Economics is the central unit in the MOA to make sure that the Investment Plan remains the main reference document for budgeting activities in the agriculture sector and to coordinate agriculture related activities of government Ministries.

The US Diplomatic Mission in Mozambique has taken the coordinating role of the Agriculture and Rural Economic Development Group (AgRED) in June 2014. The US Ambassador and USAID Mission Director met with Minister of Agriculture to discuss the agenda for US leadership in the AgRED. Based on the understanding reached DE Director and the senior advisor will participate regularly in the AgRED meeting and ensure that AgRED and MINAG work on a common agenda.

The Senior Advisor will also continue facilitate the coordination between MOA and AU/NEPAD and support the preparation of Mozambique participation in continental activities related to “2014 Year of Agriculture and Food Security in Africa and celebrations of 10<sup>th</sup> Year of CAADP

Anniversary of the adoption of the Comprehensive Africa Agriculture Development Program (CAADP)

## Support to CEPAGRI on New Alliance Investments

**Context.** In 2013, 21 companies signed agreements under the New Alliance for Food Security in Mozambique, committing to contribute to sustainable agricultural development through investments in numerous commodities and value chains. CEPAGRI, having limited capacity to dedicate the time required to solely assisting the investors, SPEED hired a Consultant to engage in investment facilitator activities to support CEPAGRI in this endeavor. The investor facilitation activities are geared toward assisting all the companies that are in need of investor assistance or basic agribusiness information.

**This quarter.** The facilitation team continued to provide assistance to New Alliance companies, such as by assisting Corvus Investments with identifying suitable land for the additional planned investment activities, helping Cargill obtain information on specific donor activities, assisting Rei do Agro with identifying opportunities in alternative electricity solutions for their project, and guiding Sumitomo Corporation toward opportunities for financing for their fertilizer facility. There has also been an increased emphasis on encouraging more companies to sign up for the New Alliance initiative; a suggestion that has been generally well received. We also worked with the SPEED NA team in recommendations for participants in the Business Advisory Group. In coordination with Grow Africa, assisted in the elaboration of the Grow Africa Investment Forum 2014 report, as it pertains to NA companies' progress.

The team assisted an additional 13 new companies or individuals, interested in investing, bringing the total number of entities assisted, since July 2013, to 84. This quarter there were opportunities for the facilitation team to interact some more with different stakeholders through the 2nd Agribusiness Forum organized by CEPAGRI that took place in Zambézia, which was notably well attended. We also took part in a Global Alliance for Improved Nutrition (GAIN) Technical Advisory Committee, which was charged with selection of innovative nutrition improving agribusiness ideas which would benefit the largest number of people in addition to being profitable. Some of the participating companies had interacted with the facilitation team previously, therefore enriching the knowledge and understanding of its activities.

**Results.** Although some investments are advancing, we are awaiting concrete results

**Next steps.** In the next quarter the Facilitation Team plans to continue to build on the assistance it has been providing to investors, by recirculating the donor activities tracking document through the various stakeholders, adding information to the already existing database the institution has based on most recent inquiries, create and possibly implement a plan for

facilitation training in CEPAGRI's provincial delegations. In addition, we will contact the entities with which we interacted since July of 2013, to analyze the impact the facilitation team has had, if any, in these companies and/or this sector.

## **MOA capacity-building (Senior Advisor)**

**Context.** The Ministry of Agriculture experienced a very high rotation in its leadership in last few years, which reflects the elevated expectations – mostly unfulfilled – about its contribution to poverty reduction and the fight against hunger in Mozambique. In fact, agriculture is one of the sectors accorded the highest priority in the Poverty Reduction Strategy. The newly appointed Minister, an agriculture expert, asked USAID to second a senior economist to serve as his advisor as a way to strengthen the capacity of MoA. SPEED was asked to provide one of its professionals to MoA in 2011.

**This Quarter.** The main contribution of the SPEED sponsored senior economic advisor to the Minister of Agriculture was his participation in the discussion of relevant documents the Agriculture Joint Sector Review process and for the Agriculture Sector Coordination Committee. He also provided technical analysis to investment proposals submitted to the Minister and economic regulations proposals submitted to Council of Ministers for approval, including the participation in review of the draft constitution text. He facilitated the visit to Mozambique by the senior official from the Grow Africa Office in Geneva. He represented the Ministry in CAADP events in Malabo, Equatorial Guinea. He participated in the Minister's visit to China and pushed for the Sanitary and Phytosanitary Cooperation Agreement to be signed as soon as possible. This will allow for Mozambican agricultural products such as bananas and other fresh products to be exported into China.

The Economic Advisor was asked to assist worked alongside with DE in devising measures to curb the under invoicing in export of agriculture products such as pigeon pee and sesame.

He continued to facilitator the constructive dialogue between the MoA and the development partners and a true assistant to the Minister in the field of diplomacy and economic cooperation. This included the preparation and participation in the bilateral meeting between the US Ambassador and Minister of Agriculture to discuss the agenda of US leadership of AgRED.

On the other end, the economic advisor has been pivotal in the promotion of technical cooperation between the Ministry of Agriculture and research and educational institutions both national and international, including the Mississippi State University.

**Next Steps.** Continue monitoring the implementation of the Joint Sector Review process under PEDSA/PNISA and maintain and improve the level of dialogue and engagement between the Ministry of Agriculture and development partners as well as investors. This is critical to success

of the implementation of the agriculture development strategy and its investment plan. He will continue providing support to the Minister and to the Ministry in the implementation of the dialogue mechanism with the development partners and all the national stakeholders.

The Economic Advisor continue facilitating the World Bank Mission for solutions identification to agriculture sector risks as per the assessment report presented last year.

He will continue supporting the Minister in various programs and projects, including giving advice on strategic documents submitted to Cabinet for approval.

## **Support for mukheristas**

**Context.** In Mozambique, women represent between 70-80 percent of traders, both domestically and cross-border. Issues such as the necessity to comply with business related taxes, traders' lack of knowledge of custom procedures, under declaring or overvaluing goods provide some customs' officials the opportunity to harass and exploit informal cross-border traders. The hurdles, such as the "*Police Tax*" bribe, paid en-route to police exacerbates the difficulties experienced. Studies have shown that female cross-border traders are forced to pay larger bribes than their male counterparts or must provide sexual favours to avoid detention by the border guards or confiscation of their goods. These conditions prevent women from taking full advantage of the opportunities created by trade.

Facilitating the role of women in trade will be essential if Mozambique is to achieve the enormous potential it has to trade more within its own borders and with the wider world. Achieving this trade potential will contribute to better food security, vital job creation, and poverty reduction. In most Southern African Development Community (SADC) countries, informal border trade represents an important aspect of the economy, accounting for between 30-40 percent of intra-SADC trade. Yet, policy makers typically overlook women's contribution to trade and the challenges they face. Without attention to these barriers, the objective of achieving an effective free trade area in SADC will not be realized.

The Mukerista Association and Mowoza (two associations representing cross-border traders) have asked for SPEED's support to implement an information dissemination strategy, using ICT4D/social/SMS and various traditional mediums. The project is designed to target and benefit women traders, so that they can easily access relevant information to facilitate their journeys between Maputo and Johannesburg, and at the border crossing (Ressano Garcia and Komatipoort border). The information communicated will include rules and regulations governing trade in a manner that is clear, predictable, and conveniently available along the trade corridor. The system will provide a feed-back/reporting mechanism so that women can report the obstacles that they face in their trade-related activities; women are typically more vulnerable, more risk averse than men and respond to risk in different ways.

**This quarter.** SPEED began working with relevant stakeholders to develop a SOW for this assignment and started identifying potential service providers.

**Results.** None yet. The campaign expects to reduce friction at the border for 10,000 female informal cross-border traders over one year. To raise awareness amongst all informal cross-border trade participants on the norms of cross-border trading activity. To bring about sustainable behavioural change at all levels of informal cross-border trade

**Next Steps.** SPEED will work with the Mukherista Association to finalize the SOW and conduct the assessment required to institute the information dissemination study. The Association has strongly suggested that eventual establishment of permanent manned information desks/kiosks at the borders and at transport hubs will provide mediation and trade regulation services. SPEED will also work with partners to mobilize mobile operators to provide ongoing hotline support for sustained behavioral change.

## North Region Development Forum

**Context.** In order to promote a debate on issues pertaining the development of the northern region of the country (Provinces of Cabo Delgado, Niassa and Nampula), the Ministry of Planning and Development (MPD), through the Office of Accelerated Development Areas (GAZEDA - Gabinete das Zonas de Desenvolvimento Acelerado), in partnership with the University of Lurio (UNILURIO), organized the second North Region Development Forum. The forum took place on June 19<sup>th</sup> and 20<sup>th</sup>, in Sanga, Niassa and was attended by around 100 people from the public sector, private sector, civil society organizations and local communities. The topic for this forum was "Family Agriculture in the Economic Development Process in Mozambique" as it aimed at ensuring the identification of constraints to development and establishing the basis for leveraging the agricultural sector in the region.

**This quarter.** Taking advantage of the quality of participants to this forum, SPEED made a presentation of the 2014 draft [New Alliance Annual Progress Report](#). The presentation was focused on the progress made in implementation of the NA policy matrix. A special attention was given to *cessão de exploração*, illegal taxes, seeds, fertilizers and food fortification. Alongside with the SPEED presentation, there were other presentations on infrastructure development in the region (electricity, roads, railways), private sector experiences, as well as the

experience from local communities in partnering with private sector. Based on the inputs received, SPEED updated the draft [New Alliance Annual Progress Report](#).

Given the importance of this event to the development of the region and of the country, SPEED provided financial support covering catering services, caps and t-shirts.

**Results.** It is hoped that the forum allowed for increased awareness of the New Alliance policy issues among key stakeholders in the Northern part of the country.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q3
72	Cessao de exploracao	Regulation	1. Analyzed

**Next steps.** Continue with the public consultation on the draft New Alliance Annual Progress Report. The final event is now being jointly organized with Ministry of Agriculture.

## Agriculture supply chains workshop

**Context.** Although informal activity is difficult to measure, the INFOR survey suggests that 75 percent of the economically active population is employed informally in Mozambique (INE, 2006). The Ministry of Planning and Development (MPD) estimates, using national accounts data, that informal activity represented 41 percent of GDP in 2003 and 40 percent in 2004, (MPD, 2009). This is in line with other estimates which put informal activity at 42.4 percent of GDP in 2002/03. Further, Mozambican enterprise census data reveals that the median firm in Mozambique has only two workers, while 78.1 percent of firms have up to only five workers (GoM, 2004a). Many of these firms are likely to be informal at least to some degree. Informality on such a scale demands attention in economic policy design.

It is important to understand why greater formalization might be desirable, given its potential contribution on raising revenues. Where micro informal firms are concerned, there are more costs to formalization than benefits in Mozambique. This is largely due to the high costs of transitioning as well as the payment of taxes; two components absent in the informal sector.

But as is now widely understood, informal activity plays at least two distinct roles in a developing economy: i) providing a source of survival income to low-income and frequently unskilled individuals, and ii) representing an active and potentially competitive component of the productive sector. This requires a balance of the potential for greater employment and



productivity growth of the more productive firms with reducing the vulnerability of those working informally out of necessity.

**This quarter.** Bill Grant from DAI conducted a workshop to demonstrate how these obstacles can be overcome using Kenya as a case study. According to Grant's presentation, one of the principle constraints in formalizing the informal sector is the absence of incentives available to traders. Grant went further to argue that when Kenya created a strong institutional framework for milk, traders who formalized had access to various support mechanisms such as training, licensing and market information – which in effect saw informal traders formalize to compete with the growing registered milk traders.

Grant concluded his presentation with a Q&A session. The session sparked a very interesting and thought-provoking debate on how applicable the Kenya case study is to Mozambique? A member of the audience argued that most informal traders are informal out of choice, thus raising the question if incentives in the form of unions and licensing go far enough in capturing the informal market. Like many case studies there will always be conditions that are country specific and cannot be applied to others. Mr. Grant recognizes this fact and closed his presentation with challenging members of the audience to analyze and prescribe a remedy to Mozambique's unique informal market challenges.

**Results.** It is expected that the workshop stimulated a better understanding on frameworks for incentivizing the formalization of the informal sector in Mozambique.

**Next Steps.** None envisioned.

## *Tourism and Biodiversity*

**Tourism and biodiversity.** SPEED's work in tourism and biodiversity focuses on helping Mozambique to realize its potential competitiveness in the sector. Tourism is widely seen as one of the most effective ways of preserving biodiversity, as market forces all pull in the same direction – consumers and providers all have an interest in preserving the natural environment and ensuring sustainable use of natural resources. In addition, tourism tends to be labor-intensive, thus providing opportunities for broad-based economic growth as well as biodiversity. The majority of SPEED's effort helps ensure a private-sector friendly **legal and regulatory regime**. An example of legal and regulatory work includes an examination of competition in aviation (Open Skies initiative). In addition, this quarter SPEED began supporting ANAC, an autonomous government entity recently set up to promote biodiversity across Mozambique's national park system.

## Open Skies initiative

Mozambique's legal and regulatory framework for the civil aviation sector has undergone important changes over the past years. Under different structural adjustment programs and working closely with institutions like USAID, the World Bank, and the IMF, the government has successfully introduced and sustained changes through liberalization of the sector that have had and will have a very positive effect on the economy. However, some fundamental milestones are yet to be implemented. The recent CTA study on open skies supported by SPEED, produced a clear set of recommendations; including: (i) a clear separation between policy making, operations, and regulation within the civil aviation authority (IACM); (ii) strengthening the capabilities and independence of the IACM as a regulator; and (iii) limited government involvement in the main airline and airports management. Both CTA and the Mozambican authorities are fully aware of the need to speed the implementation of these recommendations, which are in line with International Civil Aviation Organization (ICAO), and international good practice in the sector, and have made it a priority to seek advisory services in the field.

SPEED's support to Mozambican authorities in this endeavour has brought a new dynamism into the sector. IACM has embarked on a speedy process of reform implementation, including reviews of laws, bilateral agreements, and negotiating the Fifth Freedom with South Africa. To this effect, the private sector has been called upon to participate in the process and provide technical inputs on policy and legislation reviews on civil aviation. CTA struggles to respond in a timely manner to these frequent requests.

**This quarter.** SPEED has identified a rapid response team to support the Mozambican authorities in the design and effective implementation of key air transportation reforms. Central to this, has been to avail necessary knowledge and expert advisory services for supporting CTA, the Mozambican Civil Aviation Authority (IACM), and the Ministry of Transport for speedy delivery of air transportation reforms. Specifically, the rapid response team is responsible for:

- Effective technical support to the Mozambican authorities through CTA and IACM on legal and regulatory reviews concerning air transportation and *open skies*;
- Timely advisory services in the area of air transportation planning, policy implementation and monitoring. This is in compliance with ICAO recommendations, including measures that will see Mozambique's air transportation sector more competitive;
- Build CTA's analytical and technical capacity to raise and address issues related to civil aviation and air transportation in a timely manner.

**Results.** Mozambique's air transport sector has embarked on massive consultations and reforms, including the revision of bilateral service agreement with South Africa (BASA), and changes in the leadership of the country's flag carrier (LAM).

SPEED fueled a powerful media audience, including preparation of a follow up [blog](#) which prompted interest from various cycles with a high record of viewers.

**Next steps.** Rapid response team of air transport and aviation services ready for deployment to provide remote technical assistance and take part in IACM meetings for the revision of bilateral air service agreement (BASA) and other reforms, as requested by CTA.

## Competitiveness in tourism

**Context.** Mozambique is an attractive destination for tourism. According the World Tourism Organization and UNWTO World Travel & Tourism Council (WTTC), the total contribution of travel and tourism to Mozambique's GDP, including its wider economic impacts, is forecast to rise by 6.4% each year over the next 10 years. By 2021, travel and tourism is predicted to support over 700,000 jobs in Mozambique. However, massive inflows of foreign exchange can place significant pressures on an economy. For example, the exchange rate could appreciate in real terms, causing pressures on economic competitiveness and on the growth of the traditional tradables sector (including tourism), in particular.

The business environment in Mozambique is characterized as weak. Increases in the cost of and demand for specialized/skilled labor as a result of the resource boom may create significant risks to Mozambican tourism industry as it is presently structured. Therefore there is a critical need to understand the potential scenarios and develop policy options to manage the potential risks to the tourism sector as one of the key economic sector to generate jobs opportunities and revenues.

In order to better understand Mozambique's tourism market dynamics and what is required to ensure the competitiveness of the sector and following on from a preparatory trip report prepared in 2013 by Martin Weber, SPEED in partnership with CTA is undertaking a series of studies aimed at assessing Mozambique's competitiveness in light of the resource boom in key sectors including tourism. These studies along with others already undertaken will then be compiled into a publication about competitiveness.

A scope of work was developed for the study into competitiveness in the manufacturing sector and consultants were selected. Work is underway to identify the value chains to be studied, in liaison with CTA's industry sub-committee.

**Results.** A study into tourism competitiveness in light of the coming resource boom is underway. The findings of this report will complement other studies of the same nature into Mozambique's labor, agriculture and manufacturing sectors.

**Next steps.** The study will be completed by August 2014 and then disseminated for comments and presented at a workshop in Maputo. The final version, revised to take into account comments

received will then be disseminated through the SPEED web site and included in a compilation publication of reports about competitiveness.

## Impact of renewed conflict on the tourism sector

**Context.** During 2013, a series of attacks took place, initially in the Province of Sofala and subsequently along the main north-south highway, the EN1 between Sofala and Inhambane provinces as well as in Nampula and Inhambane provinces. Due to the number of deaths and serious injuries resulting from the attacks there has been widespread press reporting in the region and internationally. Much of the reporting has focused on potential destabilization of Mozambique's economic development. As a result of the reporting there has been a significant impact on the tourism sector with mass cancellations reported at tourism establishments particularly in Inhambane and Sofala.

The purpose of this assignment is therefore to seek to quantify the cost to the tourism value chain of events between February 2013 and February 2014 and highlight the long and short term effects on the economy.

**This quarter.** Conducted the assessment, produced the discussion paper around the economic impacts of the conflict on the tourism value chain, and facilitated the discussion forum (business breakfast) on the findings of the [report](#).

**Results.** None yet. However, there has been widespread media coverage on the conflict and tourism downturn in the country, which has triggered the authorities' and business' interest in developing detailed monitoring tools for tourism value chains.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q3
65	Cost of conflict on tourism	Policy	1. Analyzed
			2. Presented for consultation

**Next steps.** Follow up on the report recommendations, especially supporting the creation of Destination Management Organizations (DMOs) in tourism hubs with which to partner on task issues, harnessing the capacity of tourism operators to provide direction, input, expertise and ground level management & monitoring.

## Support to BIOFUND

**Context.** BIOFUND is an independent entity created to support the conservation of biodiversity in Mozambique and facilitate its sustainability. A key target for BIOFUND is to develop the

concept of biodiversity offsets in Mozambique with a view to using these offset payments for the sustainable and long term management of the country's protected areas.

In order to prepare BIOFUND for this role the organization sought assistance from SPEED in four key areas: training on USAID procurement practices, analysis of the country's new conservation law and development of simplified materials about said law to facilitate training of stakeholders, mapping of Mozambique's conservation areas, and training of stakeholders in IFC norms related to biodiversity offsetting.

Both the conservation law and the concept of biodiversity offsets will likely have significant impacts for the private sector and the communities with which they engage and on those working in key focus sectors for SPEED such as tourism, and agriculture.

**This quarter.** BIOFUND's financial administrator undertook a one month work-shadowing / training with SPEED's procurement team to assist the organization in establishing its own internal procurement procedures and managing future funding from USAID.

As part of this training BIOFUND's administration team worked with SPEED to develop scopes of work for analysis and development of materials based on the new conservation law, and mapping of the country's conservation areas.

Work on analysis of the new conservation law is underway. This includes developing a manual which explains the law and includes simplified materials which can be duplicated and disseminated to stakeholders (such as the private sector in the agriculture and tourism sectors, and the communities with which they work) to facilitate understanding of the new legislation.

Procurement is underway to identify a firm to undertake the mapping of the country's conservation areas in accordance with IFC norms and standards so that these areas can then be classified by BIOFUND for development of biodiversity offsetting procedures.

**Results.** BIOFUND's financial and administrative staff now has increased capacity on USAID's procurement procedures. This enables them to develop the organization's own internal procedures and practices and thus be compliant to receive future direct funding from USAID and other donors.

**Next Steps.** The analysis of the conservation law and materials developed will be disseminated by SPEED and BIOFUND, made available on both organizations' websites and presented at a workshop in Maputo.

A qualified firm will be identified and contracted to undertake the conservation area mapping and to ensure that the maps are publicly available on the internet.

Trainers will be identified and training undertaken for stakeholders about the biodiversity offset mechanism and how this will operate in Mozambique.

## Support to ANAC

**Context.** The Government of Mozambique (GoM) has set aside large segments of the country as protected areas (PAs) in an attempt to conserve its natural heritage while promoting sustainable economic growth. Many of these are important sites of high biodiversity such as Gorongosa Mountain, Lake Niassa, the Quirimbas Archipelago, Monte Namuli, the Chimanimani Massif, and the newly created Primeiras e Segundas Marine Protected Area. According to national estimates, the country is home to more than 5,500 plant, 220 mammal, and 690 bird species, many of which are endemic. Mozambique includes 14 ecological regions, of which seven have global importance as per the WWF Global 200 Ecoregion list. As of 2012, six categories of PAs, covering approximately 159,126 Km<sup>2</sup>, represent approximately 20% of the country's total surface area.

Mozambique's low agricultural productivity, overfishing and high population growth rates have resulted in i) a rapid expansion of the agricultural frontier, ii) a decline in aquatic and marine resources, and iii) severe threats to PAs and ecosystem services. People have for many years been living inside park boundaries and freely exploit natural resources. Pressures on land and natural resource use have further intensified in recent years as the Mozambican economy continues to expand. Weak marine, forest, wildlife, and land use governance have been key contributors to deforestation, poaching, and habitat degradation. As forests are converted to other uses and wildlife populations reduced, demands on remaining natural areas and resources are escalating, creating an environment conducive of greater economic inequality and conflict over these limited wilderness areas. In this light, it is urgent to understand the current state of PAs in the country, determine immediate threats to their biodiversity, and find the best ways to reduce and mitigate these threats.

For many year conservation areas have been managed by DNAC, the *National Directorate for Conservation Areas*, part of the Ministry of Tourism. Recently however, the GoM has created a new parastatal agency, ANAC to assume this responsibility. By this the GoM intends for conservation areas management to be both more professional and more profitable in the future, and to follow a more private-sector-like approach. As a parastatal, ANAC has competencies to enter into joint ventures, assume and manage tourism concessions, and also the potential for financial autonomy, that its predecessor, DNAC, did not. It is important to note that financial autonomy for parastatals in Mozambique is directly linked to self- funding capacity. Fully independent financial management is granted by the GoM only when a parastatal achieves self-financing equivalent to 2/3 of its annual budget; until ANAC achieves this benchmark, its budget

will continue to be allocated within the framework of the State Budget, the *Orcamento Geral do Estado*.

ANAC will manage a portfolio consisting of National Parks and Reserves, Marine Parks and Reserves, Hunting Areas (*Coutadas*), and Game Farms. While estimates vary, all agree that currently this network is extremely underfunded, to the point where it has difficulties in fulfilling its primary mission, which is to conserve a representative sample of Mozambique's biodiversity for future generations. Related to funding difficulties are HR issues; most of these areas do not have sufficient staff (quality and quantity) to provide protection according to international norms and standards, though there is a cadre of professional and experienced Park Administrators and professional staff to call upon.

The challenge is thus at least three-fold:

1. First, ANAC must bring itself into being as an effective and efficient conservation management entity, with staff, strategies, policies, and operational systems to support its mission;
2. Second, ANAC must develop strategies to effectively conserve the biodiversity (measures both qualitatively and quantitatively) found in the various conservation areas in the face of population development, and political pressures, and climate change;
3. And lastly, ANAC must develop funding mechanisms that allow it to fulfill its mission on into the future, drawing on the full range of possibilities, which include tourism revenue, partnerships, donor relations, and the newly-created BIOFUND, among others.

The Headquarters Staff so far consists solely of the Director, supported by former DNAC staff with no formal affiliation with ANAC. The individual conservation areas have transitioned to ANAC and maintain their staff teams, assets, and State Budget contributions (mostly salaries according to the GoM scale). Without clear plans, ANAC is having trouble moving forward. To unblock the situation, the General Director of ANAC requested support from SPEED to provide a senior advisor and contract a consulting firm to conduct a strategic planning exercise.

**This quarter.** The senior technical advisor has been contracted. The consultancy firm to draft strategic development plan has been selected and technical and financial discussions started.

**Results.** None yet. In any case it is expected that the strategic development plan will enable ANAC to fulfil its mandate to manage Mozambique's conservation areas.

**Next steps.** Design the strategic development plan and engage in working with the new ANAC Director and the senior technical advisor in implementation phase of strategic development plan.

## CITES upgrading

**Context.** Mozambique is a member of CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora, also known as the Washington Convention). However the country's legal framework is not compliant with certain CITES requirements. Mozambique has been notified by CITES to reform its legal framework to become compliant or risk expulsion at the end of 2014. Expulsion would have a significant negative impact on the country's safari/hunting sector as visitors would no longer be able to export trophies to their own countries, thus making hunting in Mozambique non-viable.

The Ministry for Environmental Protection (MICOA) is responsible for CITES compliance in liaison with the Ministry of Tourism (which is responsible for the safari sector) and the Ministry of Agriculture (which is responsible for establishing annual hunting quotas).

MICOA is preparing a draft regulation which would ensure that Mozambique is sufficiently compliant to remove the risk of an outright ban at the end of 2014 and allow the 2015 hunting season to proceed. The legislation is being drafted with funding from CITES. However MICOA has requested CTA and SPEED to assist with the dissemination of the draft and ensuring that there is sufficient discussion and debate around the draft.

**This quarter.** Procurement is underway for an event coordinator to arrange and facilitate three dissemination workshops to take place in Maputo, Beira and Lichinga, Sofala and Niassa being the two provinces with the largest numbers of hunting operators. The workshops will provide an opportunity for dialogue not only about CITES but also about other issues affecting the hunting industry, a key sub-sector of Mozambique's tourism sector. The workshops will therefore include representatives of the Ministry of Tourism and ANAC.

**Results.** Agreement reached with CTA and MICOA's CITES department on the most effective way to disseminate the draft legislation which is currently being prepared.

**Next Steps.** Dissemination of the draft legislation through MICOA, Ministry of Tourism, Ministry of Agriculture, CTA and SPEED networks including posting on SPEED website. Three discussion workshops will take place in Maputo, Beira (Sofala) and Lichinga (Niassa). Workshops will include representatives of the safari sector as well as other interested stakeholders such as those from national parks and reserves, community organizations and the Ministry of Tourism / ANAC.

## Support to the Ministry of Tourism

**Context.** Mozambique's tourism sector is capable of boosting the development of the national economy and contributes to fighting poverty by attracting investment to ensure employment,



income generation and enhancement of well-being of communities. The Government of Mozambique has defined tourism as one of the strategic sectors to accelerate socio-economic development because it constitute a cross-cutting sector, which allows the use of skilled and unskilled labor, representing a great opportunity for women and young.

Mozambique is privileged due to its strategic location in Southern Africa region and enjoys great natural assets in tourism such as the long coast, the richness of its biodiversity, its National Parks and Reserves, and the unspoiled beaches and natural environment. This tourism potential should be exploited in a sustainable manner to position Mozambique competitively in the region.

USAID/SPEED was asked to continue supporting the Ministry of agriculture by providing technical support on policy and legislative issues that create a good business environment for the private sector to invest in adequate tourist infrastructure associated with the efforts of the public sector for conservation of the biodiversity as a major product for tourists and as source of multiple benefits for the rural communities.

**This quarter.** USAID/SPEED supported a senior adviser to the Minister of Tourism who helped facilitate policy dialogue and events related (such as regional and international tourism meetings and conference) to the support of biodiversity conservation and private sector involvement in tourism (improving the business environment, investment and legislation).

**Results.** In biodiversity conservation, the main achievements were: recent nomination by the Government of the new Director General of ANAC (Bartolomeu Soto) as a replacement the previous General Director (Abdallah Mussa) who resigned from office. The evaluation and assessment of candidates who applied (in a tender process) for the posts of Director of Service for Management and Protection of Natural Resources and the Director of Service for Study and Development of Conservation Areas has begun and it is expected that by August the two Directors will be nominated by the Minister of Tourism. The Law of Conservation Areas was ratified by the President of the Republic and gazetted on June 20 “*Boletim da Republica*”. Mozambique participated also in a survey to evaluate the value of wildlife watching tourism in Africa, carried out by World Tourism Organization.

In terms of support for the private sector, the main achievements included: The National Stakeholder Consultation Workshop held in Maputo and the launch of the Strategic Tourism Development Plan Review process on May 23<sup>rd</sup> 2014 by Permanent Secretary and the representative of the World Tourism Organization (UNWTO). The main goal of this revision is to provide MITUR with a documented tourism growth strategy and practical implementation plan for developing the tourism industry as a key economic and social catalyst for the next 10 years. Following the issues mentioned by the Open Skies study the Ministry of Tourism attended meetings organized: (i) by UNWTO for African Tourism Ministers to discuss the Air Connectivity in Africa; Visa Facilitation and Tourism and Biodiversity - Zero Tolerance for Poaching in Africa by 2020; and (ii) by Routes Africa 2014 an event that brings together leading industry experts from airports and aviation companies to debate air service and route development issues affecting commercial aviation and tourism across Africa.

**Next steps.** Next steps will include: to proceed with ANAC structuring process with nomination of the Director of Service for Management and Protection of Natural Resources and the Director of Service for Study and Development of Conservation Areas by the Minister of Tourism; further dissemination of the new legislation and start with process of Hotel Classification according to the new Decree “decreto 97/2013 de 31 de Dezembro - *Regulamento de Empreendimentos Turísticos, restauração e bebidas e salas de dança*”.

## *Democracy and Governance*

**Democracy and Governance.** SPEED’s work on democracy and governance aims to improve **transparency** around issues such as the impending resource boom, the increased visibility of the private sector in policy, and the improvement of corporate ethics. Specifically, SPEED continues to raise the quality and level of dialogue around the country’s **resource boom**, including the newly proposed fiscal regime for extractives and local content regulations. This issue will continue to grow in importance from the democracy and governance perspective. Another key area of work includes the development of a legal framework to formalize public participation in the policy process. There is now a solid consortium of actors from the private sector and civil society that are committed to drive this new legislation forward.

### **Local content**

**Context.** The USAID SPEED project completed an assessment of the [policy options for local content](#) in late 2013. The team worked closely with CTA and consulted with a variety of private sector businesses and international oil and gas companies currently operating in Mozambique. The analysis drew on international and regional examples of local content policies, laws and regulations and produced recommendations on how Mozambique can strengthen its local content policy in the extractive industry.

The assessment revealed several underlying constraints related to local content and local supplier development. Many of these issues relate to weaknesses in the business enabling environment and require policy reforms and interventions. Some can be addressed through a Local Content Policy that outlines how the government works with extractive industry companies to help build local suppliers and local supply chains. Other constraints require supporting documentation, such as procurement manuals, guidelines and databases, which will enable greater market linkages between international oil and gas companies and local enterprises. In addition, the study recommended the establishment of a senior-level Local Content Task Force to support policy, coordination and monitoring of local content development.

Building off the recommendations of the assessment, the *Confederação das Associações Económicas de Moçambique* (CTA) requested SPEED’s support to assist in drafting the terms of

reference to establish functioning Local Content Task Force (LCTF) to promote the development of local capabilities that enable domestic business to compete in the emerging mineral resource industry and beyond and improve overall competitiveness of the economy. This development unfold in a context where international oil and gas companies are engaging in “ad-hoc” local content initiatives and government proposed regulatory framework seems to call for regulating local content in the country.

**This quarter.** SPEED received an additional formal request for assistance from CTA to (a) establish a Local Content task Force; (b) to advice on the development of a policy framework which will guide local content development and monitor its implementation and (c) to support enterprise development of Mozambican business community. The SOW is under review and will be submitted to USAID next quarter.

**Results.** None yet.

**Next steps.** With relatively limited period to provide long-term support, once USAID approves the initiative SPEED will focus support on the establishment of a LCTA.

## Multi-stakeholder dialogue platform

**Context.** Mozambique’s emerging and fast growing gas, coal, and mineral resources will without doubt change the country’s economic landscape. This development comes with the associated challenge to manage these resources in a transparent and accountable manner, while managing people’s expectations. In 2012, Mozambique has emerged as a new giant in Natural Gas. More than 100 Tcf were discovered mainly in the offshore Rovuma Basin ([SPTEC Advisory](#)). This development raises high expectations of stakeholders. Stakeholders, particularly the community’s expectations need to be urgently managed to avoid potential frustrations risking resulting in social unrest, hence curtailing potential development. Strengthening governance, transparency and accountability is one way to mitigate potential conflict likely to arise around the development of the Liquefied Natural Gas (LNG) in Cabo Delgado.

Building off the World Conservation Union (IUCN)’s Sustainable and Fair Coasts Programme (phase I), IUCN submitted to USAID SPEED for support the ‘Sustainable Fair Coasts Project (2014-2018)’ with the development objective: to support key stakeholders in the LNG sector in Mozambique in their efforts to develop a successful, inclusive and responsible LNG sector that delivers sustainable livelihoods and biodiversity conservation in Cabo Delgado. The project has a wide scope, but USAID /SPEED will focus support on transparency and accountability in the governance of the oil and gas sector.

Therefore, USAID/SPEED will provide support (seed grant) to IUCN to enhance transparency and accountability in the governance of the oil and gas sector in Mozambique, through the

establishment of a functional Cabo Delgado Sustainable Development Forum. This Forum is to be established in a context where there are a number of ‘platforms’ or ‘forums’ that facilitate some dialogue and consultations on natural resources governance in Mozambique, particularly in Cabo Delgado.

The Cabo Delgado Sustainable Development Forum will bring added value in the establishment of a “neutral” dialogue platform (space) bringing together government, civil society, local business community, local communities most affected by the project, and extractive industries, and international extractive companies, such as Anadarko, to engage in a process of dialogue that will address the likely economic, social, and environment impacts due to arise with LNG development in Cabo Delgado.

The Forum will foster regular, structured, evidence based, inclusive and constructive multi-partite dialogue, information sharing and collective action on mutually agreed social and environmental interventions within Cabo Delgado. This will go a long way towards enhancing the transparency, accountability and governance of the gas/LNG sector in Mozambique in addition to reducing the information asymmetry between critical stakeholders in the project.

**This quarter.** SPEED negotiated the grant terms and submitted approvals to USAID for the project, which will be undertaken with the International Union for Conservation of Nature (IUCN). Because IUCN is a public international organization (PIO), extra approvals are required.

**Results.** Not yet. Once implemented, it is expected the establishment of functional Cabo Delgado Sustainable Development Forum, which contributes towards improvement of a transparent and accountable governance of GNL sustainable development

**Next steps.** Launch implementation.

## **Formalizing public participation in the policy process**

**Context.** Public participation in policy making is enshrined in the Constitution of Mozambique which requires submission to the public of draft regulations for collecting suggestions before approval. However, the current process for incorporating the public’s view in the policymaking process is largely ad hoc and unsatisfactory for the private sector and civil society. In collaboration with CTA, SPEED commissioned the law firm SAL & Caldeira to draft the bill that will guide public participation in the legislative process in Mozambique. The draft bill aims to create a more transparent and participatory system for policy development and improve the formulation of laws and regulations affecting the business environment (and the public at large). The draft bill was completed in October 2012, and will be subject to a wide consultation process with the private sector and civil society.

In early 2014, a Memorandum of Understanding (MoU) outlining the principles, code of conduct and modus operandi of the partnership for the adoption of a law on public participation in the legislative process was signed amongst implementation partners (nine private sector and civil society organizations that have banded together to support the initiative). This public event introduced the project to a wider public. Implementation partners reviewed the Draft Bill in process of correction by Sal & Caldeira.

**This quarter.** Consultations among implementation partners continued, although progress was slow. Communication materials were drafted and in process of procurement for printing.

**Results.** Once approved, this legislation will greatly enhance the civil society and private sector's ability to influence public policy and transparency in public policy making.

**Next steps.** The partners will initiate a dissemination campaign in late July. The campaign, with national coverage, will be compacted to a period of a month to avoid its running concurrently with the electoral campaign. It is unlikely that the Draft Bill will be approved in the current year, given the current political cycle, but should be ready to be submitted to parliament in early 2015.

## Role of the state in business

**Context.** Mozambique's two-decade economic growth and socio-political transformations have been accompanied by growing dynamism in business sector. Similarly, the Government of Mozambique (GoM) has through various ways intervened in the business environment with an aim of unlocking constraints and improving the business environment. GoM's involvement in the private sector has in recent years been growing, including through major acquisitions, setting up strong firms with private sector orientation, doing *de facto* business such as logistics, telecoms, agricultural production, etc; raising fears that the state's overwhelmingly competing in unfair grounds with private sector entities. This return of government into the private sector domain, have since raised mixed signals in a country that is emerging from conflict with underdeveloped productive capacities and overall challenges to doing business.

While on one hand, government rightfully claims that is doing its part in a quest to represent national interests; others, especially the business community think government's interference may crowd out private business potential by being the policy maker, legal and regulatory entity, and undertaking *de facto business* operations, which could be left to the private sector.

To contribute towards a better understanding of- and shaping the *new* role the Mozambican state plays in the country's business environment, SPEED in collaboration with CTA put together a team of consultants with national and international experience on the field. The team will help in enriching the knowledge of different players, and bridge existing gaps and concerns through this activity, on the apparent growing role the state has in business in the country. It will also provide

a menu of advisory options to the private sector on doing business in a natural resource rich environment, with an ever growing role of the state.

**This quarter.** Extensive consultations, interviews and data collection were undertaken and the report preparation is underway.

**Results.** None yet.

**Next steps.** A discussion report with preliminary findings will be presented at a planned business briefing late July 2014.

# MANAGEMENT AND ADMINISTRATION

## Staff movements

This quarter, SPEED welcomed Isadora Conceicao to support administration while Sheila Amaro was promoted to lead procurement efforts.

## Telling SPEED's gender story

**Context.** USAID/SPEED initiated an analysis of the successes to date on gender issues with the goal of increasing sensitivity of gender issues amongst staff and partners, highlighting areas where SPEED's work has already had impacts on women, identifying how gender equality can be further promoted in SPEED activities in its short life span of seven months, and recommending priority areas, specific to gender, for projects following SPEED.

A frequent refrain from stakeholders was that policy does not have a gender goal, policy is gender neutral or policy is not gender aware. Interviews changed this premise from a gender blind or gender-neutral attitude to a new awareness that gender has, in fact, an impact at every level of policy making.

**This Quarter.** A technical team composed of an international consultant, a local consultant and a local facilitator worked to identify and bring to light gender dimensions within SPEED and its partners.

Individual interviews were conducted in person and via Skype with a wide range of SPEED stakeholders, Ministerial representatives and technical experts. These interviews were conducted with men and women, and specifically included representatives of implementing organizations such as AWEF, CTA, FEMME, and numerous other stakeholders, whose experience and perspectives contribute to the understanding of the current status of women in Mozambique. A [report](#) was produced and is available on the SPEED [website](#).

**Results.** The assessment found that SPEED's work had already achieved some significant gender impacts. Through the support SPEED has lent to the Ministry of Agriculture in disseminating information against illegal taxes, SPEED has had a positive gender impact as the largely-woman dominated sector of informal traders were better informed on the due process when bringing in goods into the country. With SPEED's support in the automation of civil services in the country, we have seen a significant increase in female property owners as well as heads of businesses as the process of registering has become more centralized making it less time consuming. Further gender impacts were noticed across the board as all SPEED technical teams

carried out their respective projects with particular consideration to the differing barriers to men and women.

**Next Steps.** SPEED will continue to focus on the gender dimension of its programming and will prioritize activities with this in mind. In addition, it is hoped that USAID will incorporate some of the suggestions on gender impact into the follow-on project to SPEED.

## **Staff procurement training in Kenya**

**Context.** In order to more effectively manage field procurement, DAI projects need a robust, comprehensive, and multidimensional approach to providing support to technical objectives. The timely delivery of best value products or services to the project and its beneficiaries is essential to the success of DAI's development work. The project must also conduct these procurements in a manner that fulfills the compliance requirements of the contract. Participants in the procurement process work together as a team with separate duties and responsibilities, to assure project procurements meet the urgent needs of the people the project is designed to help. A key element of DAI's success is that DAI manages the business of development with integrity, fairness and openness. In this respect, the procurement process contributes directly to the difference the project makes in the lives of its beneficiaries. Procurement is complex, not always formulaic, and is perceived by many to be a hindrance to project performance.

As such, DAI knows that staff must have understandable policies/procedures, usable tools/templates, training, and job/performance enhancement and visual aids. DAI has developed and is rolling out to all of its projects around the world a 4 day field procurement management training program that gives current projects more effective tools to manage their daily procurement challenges, whether their procurements are programmatic, in support of a grant or procurement fund, or simply operational.

**This quarter.** Two SPEED staff members participated at the Field Procurement Training which took place in Nairobi, with an audience of almost 35 DAI Field staff from Kenya, Somaliland and Mozambique on the following topics: Introduce new Procurement Procedures; Procurement Procedures Structure; Procurement Lifecycle - Technical Road Map; Procurement Planning; Principles and Ethics in Procurement; Internal Controls; Approvals, Waivers, Source & Nationality Requirements; Tender Document Preparation; Procurement Closeout and Auditing.

### **Results.**

- Increased the project's understanding of managing procurement in the field
- Increased compliance;
- Provided to the projects tools needed for procurement solutions to complex technical problems;



- Improved planning, teamwork, and shared responsibility between the technical and procurements teams;
- Improved the working relationship and create proactive procurements between the Procurement and Technical teams to increase efficiencies on procurement requisitions.

**Next steps.** Adopt and institutionalize the reforms and procurement best practices covered in the trainings; Utilize the DAI procurement templates and forms consistently and compliantly.

## **IPEME local currency funds**

**Context.** Mozambique's SME promotion institute, IPEME, received \$1.5 million from USAID in local currency funds generated from various USAID-funded activities in the past. The funding supports a multi-year program of IPEME activities with SMEs. However, IPEME's concerns about government management of the funds led them to ask SPEED to manage the funds on its behalf. SPEED drafted and signed an MOU with IPEME to outline objectives, roles and responsibilities.

**This quarter.** SPEED worked with IPEME staff on the procurement process for several activities. Additionally, SPEED convened a planning and evaluation meeting with IPEME staff to discuss the implementation of IPEME's 2013 plan of activities, and also to discuss the plans for 2014.

**This quarter.** SPEED worked with IPEME staff on the procurement process for the following activities:

- Conduct study on Niche urban and rural businesses
- Develop the IPEME Data Base,
- Select of the Infrastructure Procurement Specialist
- Support International Exhibition of Packaging and Printing

Additionally, SPEED convened a planning and evaluation meeting with IPEME staff to discuss the implementation of IPEME's 2013 plan of activities, and also to discuss the plans for 2014.

SPEED spent so far around \$250,000 up to this quarter. The activities with significant financial impact are expected to initiate next quarter. The relevant one is the construction of Machava Business Orientation Center (CORE) with estimated cost of \$750,000. The other significant activities already initiated are the rehabilitation of Quelimane Business Orientation Center, development of the IPEME Data Base and the Infrastructure Procurement Specialist which the estimated total cost is around \$300,000.

**Results.** The two major procurement processes completed this quarter are: the hiring of a consulting firm to develop the IPEME Data Base, procurement for the International Exhibition of

Packaging and Printing held in June 2014 and the hiring of an Infrastructure Procurement Specialist who will oversee and manage the coordination with the IPEME procurement of design and construction services.

**Next steps.** SPEED will continue work with IPEME to implement the current workplan assuring the timely and quality deliverables. The main challenge is to initiate the construction of both Quelimane and Machava Business Orientation Center (CORE). The consultancy firm hired to design the project and prepare the documents for bidding for the Quelimane Business Orientation Center is expected to finalize the work by August 2014. The Infrastructure Procurement Specialist hired to oversee the IPEME procurement of design and construction services is currently reviewing the documents for bidding for construction of Machava Business Orientation Center (CORE) which is expected to start by early September 2014.

## **Social media and communications**

**Context.** In order to maximize the benefits of the work being undertaken by SPEED and to ensure regular engagement with a wide variety of potential stakeholders it is necessary to increase levels of communication.

Most of the work which SPEED undertakes is widely documented on the Program's web site. However social media can be used to drive more people to the site with a view to them accessing the documents there and taking part in discussions around economic policy issues affecting Mozambique.

Social media is becoming increasingly important as a form of communication and discussion in Mozambique. Online media, particularly @Verdade have opened up social media as a platform for dialogue and for citizens to find their voice.

SPEED has a FaceBook page, and LinkedIn and Twitter accounts as well as its [website](#) which includes [blogs](#). Using social media to drive interested parties to the web site, regularly publishing new materials and opinion pieces in the form of reports produced but also blogs by SPEED staff and other contributors serves to increase interest in the work which SPEED and its partners are doing. Use of social media encourages a two-way dialogue which benefits the Program by ensuring access to a variety of opinions on key topics.

Social media allows the Program to engage with a demographic comprising younger people and those with access to the internet (usually the employed) in order to provide input about key policy issues in line with the objectives of Communication for Policy Change.

**This quarter.** SPEED contracted a communications consultant to help increase focus on communication by regularly publishing new blogs, and disseminating information about reports

published and events through social media channels. Information dissemination on FaceBook was augmented by “boosting” posts to maximize exposure of key pieces of information.

**Results.** From April to June, SPEED more than doubled the number of followers on FaceBook from 938 to 2,545, and the number of followers on LinkedIn increased from 45 to 191 and on Twitter from 7 to 51. 26 blogs were published. On Facebook up to 18,400 people saw posts. However it is not yet clear whether following on social media is converting into people visiting the SPEED site.

The website saw 2,974 users over the quarter – a 75% increase over last quarter. These users conducted 4,630 sessions, viewed 12,516 individual pages, and spent an average of 3:16 minutes on the site.

**Next steps.** SPEED will continue to develop its social media presence including building stronger links with USAID’s own social media presence in-country and with that of partner organizations. SPEED will survey its social media community to better understand their information needs and wants and share this information with partners interested in developing social media presence.

# ANNEX 1: CAPACITY-BUILDING ACTIVITIES AND OUTREACH

	Date	Activity	Venue	Client		Participants		
				Institution	Category	M	F	Subtotal
FY 2014 Q1	16-Oct-13	Local Content	Hotel Avenida	CTA	PS, CSO	75	21	96
	22-Oct-13	PTF Transit within Janela Unica meeting	Customs Office, Maputo	Tax Authority	PS, CSO	23	11	34
	23-Oct-13	PTF Transit within Janela Unica meeting	Ressano Garcia, Maputo	Tax Authority	PS, CSO	28	1	29
	25-Oct-13	PTF Transit within Janela Unica meeting	Hotel Tivoli, Beira	Tax Authority	PS, CSO	17	3	20
	30-Oct-13	PTF Transit within Janela Unica meeting	Cuchamano, Manica	Tax Authority	PS, CSO	22	2	24
	31-Oct-13	PTF Transit within Janela Unica meeting	Zobue, Tete	Tax Authority	PS, CSO	35	3	38
	1-Nov-13	PTF Transit within Janela Unica meeting	Colomue, Tete	Tax Authority	PS, CSO	29	7	36
	4-Nov-13	PTF Transit within Janela Unica meeting	Nacala-Porto, Nampula	Tax Authority	PS, CSO	40	7	47
	6-Nov-13	PTF Transit within Janela Unica meeting	Hotel Chiwindi, Lichinga	Tax Authority	PS, CSO	28	4	32
	7-Nov-13	PTF Transit within Janela Unica meeting	Cuamba, Niassa	Tax Authority	PS, CSO	27	3	30
	22 & 23-Nov-13	National Entrepreneur Fair	Centro C. Joaquim Chissano, Maputo	ANJ	PS, CSO	689	111	800
	4-Dec-13	Dissimination of Insolvency Legislation	Raibow Hotel, Beira	MOJ	PS, CSO	20	2	22
	6-Dec-13	New Faces New Voices	Centro Cultural do BM	ICC	PS, CSO	50	121	171
	5 & 6 -Dec-13	Training of Judges	Raibow Hotel, Beira	MOJ	PS, CSO	15	1	16
	11-Dec-13	Dissimination of Insolvency Legislation	Hotel Executivo, Nampula	MOJ	PS, CSO	29	6	35
	12 & 13 -Dec-13	Training of Judges	Hotel Executivo, Nampula	MOJ	PS, CSO	10	3	13
	17-Dec-13	Dissimination of Insolvency Legislation	Hotel Avenida, Maputo	MOJ	PS, CSO	23	7	30
	18 & 19 Dec-13	Training of Judges	Hotel Avenida, maputo	SPEED	PS, CSO	13	3	16
		Subtotal				1,173	316	1,489
		Subtotal (cumulative)				1,173	316	1,489

FY 2014 Q2	12-Feb-14	Web Design Training	Tax Authority office	Tax Authority	PS, CSO	6	3	9
	20-Feb-14	MOU Signature Public Participation	Afrin Prestige Hotel	CTA	PS, CSO	23	9	32
	20-Mar-14	Open Skies	Radisson Blue Hotel	CTA	PS, CSO	56	12	68
	26-Mar-14	Dialogue Public Reform	VIP Hotel	CTA	PS, CSO	21	7	28
				CTA	PS, CSO			-
				CTA	PS, CSO			-
				CTA	PS, CSO			-
								-
		Subtotal				106	31	137
		Subtotal (cumulative)				1,279	347	1,626
FY 2014 Q3	21 & 22 -April-14	ANAC Workshop	Radisson Blue Hotel, Maputo	MITUR		96	27	123
	25-Apr-14	National Seed Platform	Cardoso Hotel, Maputo			84	33	117
	29-Apr-14	Incentive for the Formalization of the Informal sector	Radisson Blue Hotel, Maputo	CTA		26	6	32
	19, 20 & 21 - May -14	Training of Programmers (Tax Authority)	Instituto de Financas Publicas e Formacao Tributaria	AT		4	1	5
	26, 27 & 28 - May -14	Training of District Administrators and Technicians on DUAT	Pensao Martins, Maputo	MINAG		13	10	23
	27-May-14	Economic Impact of the Conflict on Mozambique in the Value Chain of the Tourism Sector	VIP Hotel, Maputo	ACIS		16	4	20
	2 & 4 -June-14	Training of District Administrators and Technicians on DUAT	Girassol Hotel, Lichinga	MINAG		16	4	20
	2 & 4 -June-14	Training of District Administrators and Technicians on DUAT	Golden Peacock Hotel, Beira	MINAG		31	6	37
	16-Jun-14	Revision and Comparative Analysis of Non-intrusive Inspections in Mozambique	VIP Hotel, Maputo	AT/ CTA		36	5	41
	19-Jun-14	Legal Review and Analysis of the TEEN (Nacala Export Terminal)	Autoridade Tributaria, Nacala	AT/ CTA		46	4	50
	19 & 20 -June-14	North Region Development Forum	Unilurio Campus, Sanga, Niassa	MPD/UNILURIO		58	31	89
	23-Jun-14	Revision and Comparative Analysis of Non-intrusive Inspections in Mozambique	Radisson Blue Hotel, Maputo	AT/ CTA		31	11	42
	2-Jul-14	Press Briefing	VIP Hotel, Maputo	SPEED		5	1	6

	2 & 3 -July-14	EDBI Conference	Indy Village Hotel, Maputo	MIC		105	27	132
		Subtotal				567	170	737
		Subtotal (cumulative)				1,846	517	2,363

## ANNEX 2: LIST OF DOCUMENTS PUBLISHED IN Q3 2014

Date of Publication	Title	Author(s)	Portuguese/English
<b><u>Reports</u></b>			
			English / Portuguese
2014/23/06	<a href="#">Mozambique Labor Markets in the Face of a Natural Resource boom</a>	Lynne Slinger and Caroline Ennis	English
2014/09/06	<a href="#">Analysis of Proposed Regulation on “Cessão de Exploração”</a>	Ian M Rose	English
2014/05/05	<a href="#">Selected Trade Issues for Mozambique in 2014 EN</a>	Ashok Menon	English
<b><u>Presentations</u></b>			
2014/23/06	<a href="#">Mozambican Labor Markets in the Face of a Natural Resource Boom PT</a>	Lynne Slinger and Caroline Ennis	English / Portuguese
2014/28/05	<a href="#">Economic Cost of renewed Conflict on the Mozambican Tourism Sector</a>	Ema Batey	English
<b><u>Notes</u></b>			
2014/02/06	<a href="#">Cost of Conflict on Tourism Sector in Mozambique Study Background Information and Approach to modeling</a>	Ema Batey	English / Portuguese
<b><u>Blogs</u></b>			
2014/26/06	<a href="#">Three days in Angola – From an Economic perspective</a>	Carlos Matos	English

2014/23/06	<a href="#">Competitividade laboral em Moçambique - precisamos de uma resposta política urgente</a>	Carrie Davies	Portuguese
2014/23/06	<a href="#">Mozambique's labor competitiveness – why we need an urgent policy response</a>	Carrie Davies	English
2014/19/06	<a href="#">Fortificação de alimentos – a adopção de medidas sem consulta pode resultar em aumento dos preços</a>	Carrie Davies	Portuguese
2014/19/06	<a href="#">Food fortification – taking measures without consultation could result in increased prices</a>	Carrie Davies	English
2014/17/06	<a href="#">Iniciando um negócio – introdução dum Formulário Único a acelerar e facilitar registo e licenciamento</a>	Horacio Morgado	Portuguese
2014/12/06	<a href="#">Cessão de Exploração – tirando o melhor proveito de uma grande oportunidade</a>	Carrie Davies	Portuguese
2014/11 /06	<a href="#">Não há fumo sem fogo: O transporte aéreo em Moçambique está ou não está liberalizado?</a>	Domingos Mazivila	Portuguese
2014/10/06	<a href="#">Melhorando a posição de Moçambique nos indicadores de Doing Business – identificando reformas que teriam o melhor impactov</a>	Horacio Morgado	Portuguese
2014/3/06	<a href="#">O papel do Banco Central na promoção do emprego: que arranjos no Quadro Operacional de Política Monetária?</a>	Eduardo Sengo	Portuguese
2014/29/05	<a href="#">Is Mozambique's tourism sector dying?</a>	Carrie Davies	English
2014/22/05	<a href="#">Unsustainable minimum wage increases threaten Mozambique's agricultural competitiveness</a>	Carrie Davies	English
2014/21/05	<a href="#">Aumentos insustentáveis do salário mínimo ameaçam a competitividade agrícola de Moçambique</a>	Carrie Davies	English



2014/14/05	<a href="#">Production and Productivity Gains of Adoption of Agricultural Technologies – Increased Fertilizer Usage.</a>	Carlos Matos	English
2014/12/05	<a href="#">Will the renewed conflict overshadow the known systemic challenges of the uncompetitive tourism sector?</a>	Domingos Mazivila	English
2014/ 30/05	<a href="#">Vantagem Comparativa vs Vantagem Competitiva – qual é a diferença?</a>	Carrie Davies	English
2014/28 /04	<a href="#">What’s happening with the real-estate market in Mozambique?</a>	Carlos Matos	English
2014/24/04	<a href="#">Ainda sobre as tolerâncias de ponto: Será a próxima sexta-feira 02 de Maio mais uma contra-produção?</a>	Carlos Matos & Domingos Mazivila	Portuguese
2014/23/04	<a href="#">Emprego de estrangeiros – uma oportunidade ou uma ameaça?</a>	Carrie Davies	Portuguese
2014/16/04	<a href="#">Grande crise de energia no centro de Moçambique – que custo a economia?</a>	Carrie Davies	Portuguese
2014/16 /04	<a href="#">O Custo Económico de Tolerâncias de Ponto</a>	Carrie Davies	Portuguese
2014/16 /04	<a href="#">Impactos económicos potenciais do anteprojecto de lei sobre a agricultura, a segurança alimentar e nutricional</a>	Carrie Davies	Portuguese
2014 /11/04	<a href="#">Inspeção não intrusiva – aumentar a eficiência, mantendo a segurança?</a>	Horacio Morgado	Portuguese
2014/10 /04	<a href="#">Terminal Especial de Exportações de Nacala! Deseconomia de Escala ou Baixa Competitividade das Exportações?</a>	Tomas Manhicane	Portuguese
2014/02/04	<a href="#">The New Alliance for Food Security and Nutrition and The Mozambique Commodity Exchange Two Methods To Combat The Natural Resource Curse</a>	Carlos Matos	English

## ANNEX 3: SUMMARY SITT TABLE

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q3
39	Streamlining application forms for starting a business	Regulation	5. Implementation begun
54	Land manual training and dissemination	Admin Procedures	5. Implementation begun
59	Non-intrusive Inspection (Scanners)	Regulation	1. Analyzed
			2. Presented for consultation
60	Nacala Port Terminal - legal review	Regulation	1. Analyzed
			2. Presented for consultation
61	Food Security and Nutrition law review	Policy	2. Presented for consultation
62	Competition law - regulation	Regulation	3. Presented for legislation
			4. Passed
64	Economic cost of "tolerancia de ponto"	Regulation	2. Presented for consultation
65	Cost of conflict on tourism	Policy	1. Analyzed
			2. Presented for consultation
66	Competitiveness study - labor	Policy	1. Analyzed
			2. Presented for consultation

67	Technical Assistance to CCT	Admin Procedures	1. Analyzed
			2. Presented for consultation
			3. Presented for legislation
			4. Passed
			5. Implementation begun
68	Application forms for starting a business - implementation	Admin Procedures	1. Analyzed
			2. Presented for consultation
69	Registering Property	Admin Procedures	1. Analyzed
			2. Presented for consultation
			3. Presented for legislation
			4. Passed
			5. Implementation begun
72	Cessao de exploracao	Regulation	1. Analyzed
73	Assessing the quality of seed policy, legal and regulatory framework	Policy	1. Analyzed